



Georgia<sup>™</sup>

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2006**



### **The Georgia Logo**

In a single, simple form, the Georgia logo captures the essence of a state with a rich heritage and a bold future – a state with the resources, spirit and energy to make dreams come true. A stylized rendering of a peach, the logo breathes fresh life into the state's historic symbol, promising new opportunities for growth and enrichment to both visitors and business leaders, its modern composition, bright, welcoming colors and friendly typeface come together to paint a confident new portrait of the state – one that inspires the hearts and minds of all audiences and underscores Georgia's spirit and transforming opportunities.

# State of Georgia

**SONNY PERDUE, GOVERNOR**

## Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2006

Prepared by  
State Accounting Office





# State of Georgia

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# INTRODUCTORY SECTION

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January 12, 2007

The Honorable Sonny Perdue  
Governor of Georgia  
and  
Members of the General Assembly  
Citizens of the State of Georgia

The Comprehensive Annual Financial Report of the State of Georgia for the year ended June 30, 2006, is hereby submitted in accordance with the *Official Code of Georgia Annotated* 50-50b-3(7) . Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the State's management. All disclosures necessary to enable the reader to gain an understanding of the State's financial activities have been included.

**Internal Controls.** Management of the State is responsible for establishing and maintaining internal accounting controls designed to ensure that assets are safeguarded and that financial transactions are properly recorded and adequately documented. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

**Independent Audit.** The financial statements of the organizations comprising the State reporting entity have been separately examined and reported on by either the State Auditor or independent certified public accountants. The accompanying financial statements for the State of Georgia have been prepared from the results of those examinations. The State Auditor's opinion thereon appears at the beginning of the Financial Section of this report.

Federal laws and regulations require that the State undergo an annual audit in conformity with the Single Audit Act Amendments of 1996 and the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to the single audit, which includes a schedule of expenditures of federal awards, a report on internal control and compliance applicable to each major program, and a schedule of findings and questioned costs, is included in a separately issued State of Georgia Single Audit Report. Also included is a report on internal control over financial reporting and compliance with certain laws, regulations, contracts and grants in accordance with *Government Auditing Standards*.

**Management's Discussion and Analysis (MD&A).** The discussion and analysis immediately following the report of the independent auditors provides an overview and analysis of the State's Basic Financial Statements, with a focus on the primary government and its activities. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

## PROFILE OF THE GOVERNMENT

The State of Georgia was the last of the original 13 colonies, founded on February 12, 1733, and became the fourth state by ratifying the U. S. Constitution on January 2, 1788. Georgia is an economic hub of the southeast. The capital in Atlanta is the major economic and population center of the State with major regional economic and population centers in Augusta, Savannah, and Macon. Georgia's economic base is diverse with major port facilities on the coast, agricultural resources throughout the state, manufacturing and service industries, and is a major transportation hub with the busiest airport in the nation. Georgia is the ninth largest state with a population of 9.37 million people.

**Structure.** The *Constitution of the State of Georgia* provides the basic framework for the State's government, which is divided into three separate branches: legislative, executive, and judicial. The duties of each branch are outlined in the *Constitution* and in the *Official Code of Georgia Annotated*. State government services provided to citizens include education, health and welfare, transportation, public safety, economic development, recreation and conservation.

This report presents information on the financial position and operations of state government as one reporting entity. The various agencies, departments, boards, commissions and other organizational units of Georgia state government which constitute the State financial reporting entity are included in the Comprehensive Annual Financial Report in accordance with criteria established by the Governmental Accounting Standards Board. Accordingly, this report contains information on Georgia's *primary government*, and on *component units* that are financially accountable to the State.

**Budgetary Control.** The objective of budgetary control is to ensure compliance with legal provisions embodied in the General Appropriations Act enacted by the General Assembly. Annual appropriated budgets are adopted at the departmental level and are applicable primarily to the general fund. All unencumbered annual appropriations lapse at fiscal year end unless otherwise specified by the *Constitution* or statute. The *Constitution* further authorizes the passage of supplementary appropriations acts for specific purposes, provided sufficient unappropriated funds are available or additional revenue measures have been enacted. Federal funds received by the State are continually appropriated in the exact amounts and for the purposes authorized and directed by the awarding federal agency.

The budgetary basis of accounting required by state law differs materially from the basis used to report revenues and expenditures in accordance with generally accepted accounting principles (GAAP). In addition, the fund structure utilized to implement the annual budget differs extensively from the fund structure presented in these financial statements.

The separately published *Budgetary Compliance Report* is issued annually. The sole purpose of the *Budgetary Compliance Report* is to provide the General Assembly with information concerning financial compliance with the Amended Appropriations Act for the fiscal year. In contrast to the GAAP financial statements contained herein, the financial statements in the *Budgetary Compliance Report* are presented in conformity with statutory requirements.

## FACTORS AFFECTING FINANCIAL CONDITION

**Cash Management.** The State Depository Board is designated by State law as the oversight Board for Georgia's cash management and investment policies. The Office of Treasury and Fiscal Services ("OTFS") acts as the administrative agent of the Board. As more fully discussed in Notes 1 and 4 to the Basic Financial Statements, OTFS invests temporarily idle cash in statewide investment pools. All such funds are invested considering first the probable safety of capital and then probable income, while meeting daily cash flow requirements and conforming to all statutes governing the investment of public funds.

**Debt Administration.** The Georgia State Financing and Investment Commission, an agency of the State, is empowered by law to receive the proceeds from the issuance of State of Georgia general obligation and guaranteed revenue debt, to provide for the proper application and use of the debt proceeds, and to establish the procedures for protecting the holders of such debt. Detailed information on outstanding bonds and other long-term debt is reflected in the Financial (Notes to the Financial Statements) and Statistical Sections of this report.

**Pension Trust Funds.** Total net assets of the State's defined benefit pension plans reached \$62.49 billion at June 30, 2006, an increase of \$2.3 billion over the prior fiscal year. Of the State's fourteen (14) defined benefit plans, the Employees' Retirement System and the Teachers' Retirement System represent more than 96% of the total net assets. Effective July 1, 2005, the Employees' Retirement System assumed legal responsibility for administering the State's deferred compensation plans, with net assets of \$847 million at June 30, 2006. Financial activities of the individual pension trust funds are presented in the supplementary information for fiduciary funds. Additional disclosures relating to the State's pension trust funds are provided in Note 16 to the basic financial statements.

**Risk Management.** The State is self-insured against certain property and liability claims, including workers' compensation and unemployment compensation. The Risk Management Funds were established to accumulate reserves for certain property and liability risks and to pay for commercial insurance coverage. Revenues are generated from premiums charged to state and local government organizations. Various risk control techniques are utilized to minimize accident-related losses; risk managers also identify unique loss exposures and develop strategies to reduce the cost of risk associated with individual business operations.

**Economic Conditions and Outlook.** Georgia's economy in fiscal year 2006 continued its recent rapid growth following the recession of 2001. The three sources of tax revenue most closely tied to economic conditions, personal income tax, corporate income tax and sales tax, all experienced healthy growth in fiscal year 2006. Compared to fiscal year 2005, personal income tax grew 10.2%, corporate income tax grew approximately 18.2%, and sales tax grew 9.5%. This growth in tax revenue indicates strong growth in the underlying Georgia economy.

This growth cycle followed a very tough recessionary period. Employment as measured by non-farm payrolls peaked in the first quarter of calendar year 2001 and continued to fall until the middle of 2003, the start of fiscal year 2004. Declines in employment were broad-based and spread across most sectors of the regional economy. The decline in non-farm payrolls and the very low rates of growth in nominal personal income associated with this recession resulted in state revenues decreasing for fiscal years 2002 and 2003.

Employment growth has been sturdy since the employment trough in mid-2003. Approximately, 84,000 jobs were added to Georgia's non-farm employment in fiscal year 2006, an increase of just over 1.7%. The growth in jobs has been broad-based across sectors of the economy. Sectors of particular strength since the trough include construction, professional and business services, leisure and hospitality, education and health.

The initial quarter of fiscal year 2006 saw tax revenue growth of over 9% and non-farm employment growth of about 26,000 jobs. However, the bankruptcy proceeding of a major employer, Delta Air Lines, is likely to be a drag on growth, and another employer, Ford Motor Company, closed its Hapeville assembly plant at the end of October 2006. Despite these concerns, the outlook remains generally positive, with State revenues projected to grow at about 6.1% overall.

## MAJOR INITIATIVES

**Educated Georgia.** A major focus, demonstrated through continuous improvements to the quality of education in the State, is to ensure that Georgia students are well prepared for the future. The State provided funding for enrollment growth of 2.5%, is committed to maintaining and improving teacher salaries, and is implementing class size reductions for kindergarten through eighth grade, among other initiatives.

**Healthy Georgia.** Emphasis is being placed on services in community settings and serving individual in homes as opposed to institutional settings. Child care and safety are being addressed with technology and programs to improve service delivery. The continued growth in Medicaid costs is being addressed while still providing necessary health care by use of care management plans.

**Safe Georgia.** Targeted law enforcement, DUI courts, drug enforcement, treatment and prevention programs continue to receive attention and funding. State prisons increased capacity by four thousand beds to reduce the need to house inmates in local jails.

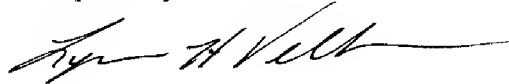
**Best Managed.** The Commission for a New Georgia (CNG) was created in June 2003 as part of the Governor's desire to improve the culture of State government. The Commission is an innovative public-private partnership formed to create breakthrough ideas to help Georgia become a better-managed state and to envision Georgia's strategic future. The Commission brings together some of Georgia's best and brightest to create innovative solutions that will help Georgians save money, grow the State's economy, and make Georgia's residents healthier, safer, and well-educated. Implementation efforts have been initiated for many of the Commission's recommendations including: procurement, financial management, asset management, customer service, and others.

**Growing Georgia.** The State is investing in infrastructure with accelerated highway projects, port improvement projects, water and sewer bonds for local governments, and economic development initiatives.

## CONCLUSION AND ACKNOWLEDGEMENTS

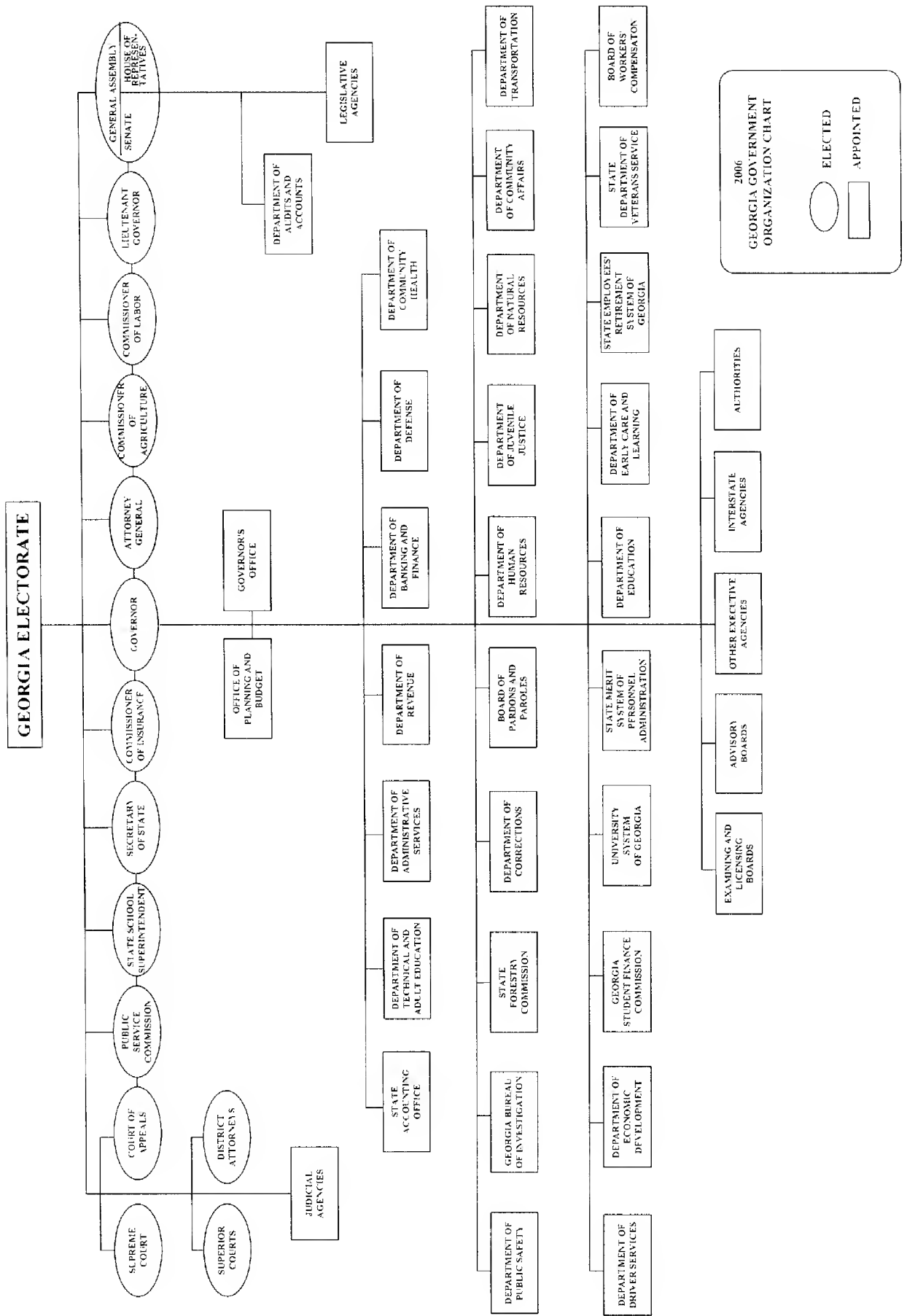
We hope this report provides information useful in evaluating the financial activity of the State of Georgia. We express our appreciation to the fiscal managers and staff throughout State government, and to the Department of Audits and Accounts for their dedicated efforts in assisting us in the completion of this report.

Respectfully submitted,



Lynn H. Vellinga, CPA  
State Accounting Officer





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# State of Georgia

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## Principal State Officials June 30, 2006

### **Executive:**

Sonny Perdue  
*Governor*

Cathy Cox  
*Secretary of State*

Thurbert E. Baker  
*Attorney General*

Michael L. Thurmond  
*Commissioner of Labor*

Kathy Cox  
*State Superintendent of Schools*

John W. Oxendine  
*Commissioner of Insurance*

Thomas T. Irvin  
*Commissioner of Agriculture*

Stan Wise, Chairman  
Robert “Bobby” Baker, Jr.  
David L. Burgess  
H. Doug Everett  
Angela Elizabeth Speir  
*Public Service Commission*

### **Legislative:**

Mark Taylor  
*Lieutenant Governor/President of the Senate*

Glenn Richardson  
*Speaker of the House of Representatives*

### **Judicial:**

Leah Ward Sears  
*Chief Justice of the Supreme Court*

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## FINANCIAL SECTION

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# DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington St. S.W. Suite 1-156  
Atlanta, Georgia 30334

**RUSSELL W. HINTON**

STATE AUDITOR  
(404) 656-2174

## INDEPENDENT AUDITOR'S REPORT

The Honorable Sonny Perdue  
Governor of Georgia  
and  
Members of the General Assembly  
of the State of Georgia

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregated discretely presented component units, each major fund, and the aggregated remaining fund information of the State of Georgia as of and for the year ended June 30, 2006 which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of management of the State of Georgia. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain organizations. These organizations reflect the following percentages of total assets and revenues or additions of the indicated opinion units:

Opinion Unit	Percent of Opinion Unit's Total Assets	Percent of Opinion Unit's Total Revenues/Additions
Governmental Activities	17%	17%
Business-Type Activities	5%	34%
Aggregate Discretely Presented Component Units	92%	93%
Governmental Fund - General Fund	18%	17%
Governmental Fund - Georgia State Financing and Investment Commission	100%	100%
Proprietary Fund/Enterprise Fund -State Employees' Health Benefit Plan	100%	100%
Aggregate Remaining Fund Information	89%	39%

The financial statements of these organizations and component units were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for those financial statements, is based solely upon the reports of the other auditors.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Georgia Lottery Corporation, Georgia College and State University Foundation, Georgia Southern University Housing Foundation, Inc., Georgia State University

Foundation, Georgia Tech Athletic Association, Georgia Tech Facilities, Inc., Georgia Tech Foundation, Inc., Kennesaw State University Foundation, Inc., Medical College of Georgia Foundation, Inc., Medical College of Georgia Physician's Practice Group Foundation, University of Georgia Athletic Association, Inc., and the University of Georgia Foundation were audited in accordance with auditing standards generally accepted in the United States of America but were not audited in accordance *Government Auditing Standards* issued by the Comptroller General of the United States. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

Georgia statutes, in addition to audit responsibilities, entrust other responsibilities to the Department of Audits and Accounts. Those responsibilities included service by the State Auditor on the governing boards of various agencies, authorities, commissions, and component units of the State of Georgia. Except for the State Depository Board, which is the oversight board for the Office of Treasury and Fiscal Services, the Department of Audits and Accounts elected to not provide audit services for the organizational units of the State of Georgia associated with these boards. The Department of Audits and Accounts has also elected to not provide audit services for the Department of Community Health (DCH) due to a contractual obligation with DCH to conduct certain non-audit services.

As discussed in Notes 9 and 10 to the basic financial statements, the State of Georgia did not maintain an adequate system within governmental activities for recording operating leases (lessee) and capital leases, as required by accounting principles generally accepted in the United States of America. As a result, we were unable to satisfy ourselves as to the completeness of operating leases (lessee)/capital leases reported in the financial statements. Accordingly, we were unable to determine the effect these limitations had on the financial statements.

In our opinion, based on our audit and the reports of other auditors, except for the effects of not maintaining adequate systems to account for leases as described in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities of the State of Georgia as of June 30, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the business-type activities, the aggregated discretely presented component units, each major fund, and the aggregated remaining fund information of the State of Georgia as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements of the general fund reflect accounts payable in the amount of \$807,824,891.00 which represents the State of Georgia's liability for teachers salaries earned before June 30, 2006, but not paid until July and August, 2006. State appropriations for the subsequent fiscal year were available for obligation even though the period to which the appropriation applied had not begun. The recognition of this liability at June 30, 2006, however, is not in accordance with generally accepted accounting principles as promulgated by Governmental Accounting Standards Board (GASB) Statement 33 because the subsequent fiscal year had not begun. We believe, however, the omission of this liability would cause the financial statements of the State of Georgia to be misleading.

In accordance with *Government Auditing Standards*, we will issue our report dated January 12, 2007, on our consideration of the State of Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

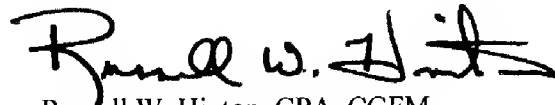


Management's discussion and analysis on pages 7 through 17, the schedule of funding progress for the Employees' Retirement System of Georgia on page 97, and the budgetary comparison schedule and accompanying notes on pages 98 through 112 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Georgia's basic financial statements. The combining statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Introductory and Statistical Sections as listed in the table of contents have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Russell W. Hinton", with a stylized flourish at the end.

Russell W. Hinton, CPA, CGFM  
State Auditor

January 12, 2007

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MANAGEMENT'S  
DISCUSSION AND ANALYSIS

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the State of Georgia provides this *Management's Discussion and Analysis* of the State of Georgia's Comprehensive Annual Financial Report (CAFR) for readers of the State's financial statements. This narrative overview and analysis of the financial activities of the State of Georgia is for the fiscal year ended June 30, 2006. We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal, which can be found in the Introductory Section of this report, and with the State's financial statements, which follow this narrative.

### FINANCIAL HIGHLIGHTS

#### Government-Wide

The assets of the State exceeded its liabilities at the close of the fiscal year by \$21.0 billion (reported as "*net assets*"). Of this amount, \$1.4 billion (reported as "*unrestricted net assets*") may be used to meet the State's ongoing obligations to citizens and creditors. Component units of the State reported net assets of \$4.6 billion for the fiscal year ended June 30, 2006. The State's total net assets (including restatement of the prior year balance) increased by \$1.3 billion.

#### Fund Level

*Governmental Funds* – As of the close of the current fiscal year, the State's governmental funds reported a combined ending fund balance of \$5.5 billion, with \$2.1 billion of this total available for spending at the government's discretion (*unreserved fund balance*).

*Proprietary Funds* – Net assets at the end of fiscal year 2006 totaled \$7.0 billion. Total net assets for the Enterprise Funds (including restatement of the prior year balance) increased by \$326 million during the fiscal year; Internal Service Funds increased by \$116 million.

#### Long-term Liabilities

The State's long-term liabilities totaled \$8.2 billion at June 30, 2006. General obligation debt is the major component comprising 84 percent of these liabilities.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the State of Georgia's basic financial statements. The State's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information and supplementary information - combining statements in addition to the basic financial statements.

#### Government-Wide Financial Statements: Reporting the State as a Whole

The government-wide financial statements are designed to provide readers with a broad overview of the State of Georgia's finances, in a manner similar to the private sector. These financial statements provide both short-term and long-term information about the State's financial status, which assists in assessing the State's financial condition at the end of the fiscal year. The statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting, and report financial information about the entire government except fiduciary activities. The government-wide financial statements include two statements:

The *Statement of Net Assets* presents all of the State's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases and decreases in net assets may serve as a useful indicator of whether the State's financial position is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the State.

Both of the above financial statements report three activities:

*Governmental Activities* – Taxes and intergovernmental revenues principally fund the activities reported within this section. The majority of the State's basic services fall under this activity including general government, education, health and welfare, transportation, public safety, economic development and assistance, culture and recreation, conservation, and interest on long-term debt.

*Business-Type Activities* – These activities normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The most significant business-type activities of the State include the operations of the Unemployment Compensation Fund (by the Georgia Department of Labor), the self-insured State Employees' Health Benefit Plan (by the Georgia Department of Community Health) and the programs of the Higher Education Fund (by the Board of Regents of the University System of Georgia and the Georgia Department of Technical and Adult Education).

*Discretely Presented Component Units* – Although these organizations are legally separate, the State is financially accountable for them. Financial information for these component units is reported on the government-wide statements separately from the financial information presented for the primary government. For the most part, these entities operate similar to private sector businesses and the business-type activities described above. The State's most significant discretely presented component units are Georgia Environmental Facilities Authority, Georgia Housing and Finance Authority, Georgia Lottery Corporation, Georgia Tech Foundation, Incorporated, and the State Road and Tollway Authority.

The government-wide financial statements can be found immediately following this discussion and analysis.

### **Fund Financial Statements: Reporting the State's Most Significant Funds**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State of Georgia, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the State government (not on the State as a whole), reporting the State's operations in more detail than the government-wide statements. All of the funds of the State of Georgia can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. These fund categories use different accounting approaches and should be interpreted differently.

*Governmental Funds* – Most of the basic services provided by the State are financed through governmental funds. These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on short-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's short-term financing requirements. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the State's finances that assists in determining whether there will be adequate financial resources available to meet the current needs of the State.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The State of Georgia maintains ten individual governmental funds. The State's two major governmental funds are the General Fund and the Georgia State Financing and Investment Commission (GSFIC), which is a capital projects fund. Information for each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. Data for the remaining eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found immediately following the government-wide statements.

*Proprietary Funds* – The State of Georgia maintains two different types of proprietary funds. When the State charges customers for the services it provides, whether to customers outside the State of Georgia reporting entity (*enterprise funds*) or to other organizations within the reporting entity (*internal service funds*), these services are reported in proprietary funds.

The State of Georgia's proprietary funds include four enterprise funds and six internal service funds. The State's three major enterprise funds are the Higher Education Fund, the State Employees' Health Benefit Plan and the Unemployment Compensation Fund. As there is only one nonmajor enterprise fund, combining statements are not required. The enterprise funds are the same as the business-type activities reported in the government-wide statements, but more detail is provided for each of these funds in the proprietary fund statements. Conversely, all six internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal services funds is provided in the form of *combining statements* elsewhere in this report. Since the internal service funds benefit both the governmental functions and the business-type functions, they have been proportionately included within the governmental activities and the business type activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found immediately following the governmental fund financial statements.

*Fiduciary Funds and Similar Component Units: The State as Trustee* – These funds are used to account for resources held for the benefit of parties outside the state government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the State's own programs; instead, the State is responsible for using the fiduciary assets for the fiduciary fund's intended purposes. The accounting used for fiduciary funds is much like that used for proprietary funds.

The State's fiduciary funds are the Pension and Other Employee Benefit Trust Funds (which account for retirement funds, defined contribution plans and an employee life insurance benefit plan), the Investment Trust Funds (which account for the transactions, assets, liabilities and fund equity of external investment pools), Private-Purpose Trust Funds (which account for assets held by the government in a trustee capacity), and Agency Funds (which account for the assets held for distribution by the State as an agent for other governmental units, other organizations or individuals). Individual fund data for the fiduciary funds and similar component units can be found in the *combining statements* elsewhere in this report.

The basic fiduciary fund financial statements can be found immediately following the proprietary fund financial statements.

## Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the component units' financial statements.

## Required Supplementary Information

In addition to this Management's Discussion and Analysis, which is required supplementary information, the basic financial statements are followed by a section of other required supplementary information. This section includes (1) a budgetary comparison schedule and accompanying reconciliation to the governmental fund financial statements, and (2) pension funding information.

## Supplementary Information – Combining Statements

The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds, fiduciary funds and nonmajor component units are presented following the required supplementary information. The total columns of these combining financial statements carry to the applicable fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The State of Georgia's combined assets (governmental and business-type activities) exceeded liabilities by \$21.0 billion at the end of fiscal year 2006.

### State of Georgia Net Assets as of June 30, 2006 and 2005 (expressed in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Current and Other						
Non-current Assets	\$ 9,893,574	\$ 9,580,424	\$ 3,087,241	\$ 2,821,606	\$ 12,980,815	\$ 12,402,030
Net Capital Assets	16,077,655	15,522,643	5,224,193	4,894,624	21,301,848	20,417,267
<b>Total Assets</b>	<b>\$ 25,971,229</b>	<b>\$ 25,103,067</b>	<b>\$ 8,311,434</b>	<b>\$ 7,716,230</b>	<b>\$ 34,282,663</b>	<b>\$ 32,819,297</b>
Non-current Liabilities	\$ 7,182,149	\$ 6,525,133	\$ 1,013,705	\$ 846,466	\$ 8,195,854	\$ 7,371,599
Current Liabilities	4,355,564	4,081,481	768,626	689,343	5,124,190	4,770,824
<b>Total Liabilities</b>	<b>\$ 11,537,713</b>	<b>\$ 10,606,614</b>	<b>\$ 1,782,331</b>	<b>\$ 1,535,809</b>	<b>\$ 13,320,044</b>	<b>\$ 12,142,423</b>
Net Assets						
Invested in Capital Assets,						
Net of Related Debt	\$ 11,274,666	\$ 10,914,903	\$ 4,387,218	\$ 4,214,124	\$ 15,661,884	\$ 15,129,027
Restricted	2,164,233	2,248,834	1,767,054	1,599,877	3,931,287	3,848,711
Unrestricted	994,617	1,332,716	374,831	366,420	1,369,448	1,699,136
<b>Total Net Assets</b>	<b>\$ 14,433,516</b>	<b>\$ 14,496,453</b>	<b>\$ 6,529,103</b>	<b>\$ 6,180,421</b>	<b>\$ 20,962,619</b>	<b>\$ 20,676,874</b>



The largest portion of the State of Georgia's net assets (75 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure) less any related debt used to acquire those assets that is still outstanding. Infrastructure assets comprise 43 percent of the State's capital assets, net of accumulated depreciation. The State uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the State's net assets (19 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used at the State's discretion to meet ongoing obligations to citizens and creditors, however, certain portions of unrestricted net assets have internal designations. Internally imposed designations of resources are not presented as restricted net assets.

At the end of the current fiscal year, the State is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

### Changes in Net Assets

The revenues and expenses information, shown in the table on the following page, was derived from the government-wide Statement of Activities and reflects how the State's net assets changed during the fiscal year. The State of Georgia earned program revenues of \$18.5 billion and general revenues of \$17.5 billion, totaling \$36.0 billion during Fiscal Year 2006. Expenses for the State during Fiscal Year 2006 were \$34.8 billion.

The State's net assets (including restatement of the prior year balance) increased by \$1.3 billion during the current fiscal year. The economic information presented later in this discussion and analysis provides insight into the conditions of the State that have caused this to occur.

### State of Georgia Changes in Net Assets for the Years Ended June 30, 2006 and 2005 (expressed in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 1,920,700	\$ 2,553,121	\$ 1,744,522	\$ 1,934,574	\$ 3,665,222	\$ 4,487,695
Operating Grants and Contributions	9,393,686	9,213,591	4,374,153	4,050,853	13,767,839	13,264,444
Capital Grants and Contributions	1,032,961	1,014,144	45,965	40,029	1,078,926	1,054,173
General Revenues:						
Taxes	16,159,593	14,828,284			16,159,593	14,828,284
Unrestricted Investment Income	196,422	208,656	110,942	88,207	307,364	296,863
Unclaimed Property	107,149	75,353	-	-	107,149	75,353
Other	958,131	1,011,803	-	-	958,131	1,011,803
<b>Total Revenues</b>	<b>\$ 29,768,642</b>	<b>\$ 28,904,952</b>	<b>\$ 6,275,582</b>	<b>\$ 6,113,663</b>	<b>\$ 36,044,224</b>	<b>\$ 35,018,615</b>

(continued)

**State of Georgia**  
**Changes in Net Assets for the Years Ended June 30, 2006 and 2005 (continued)**  
**(expressed in thousands)**

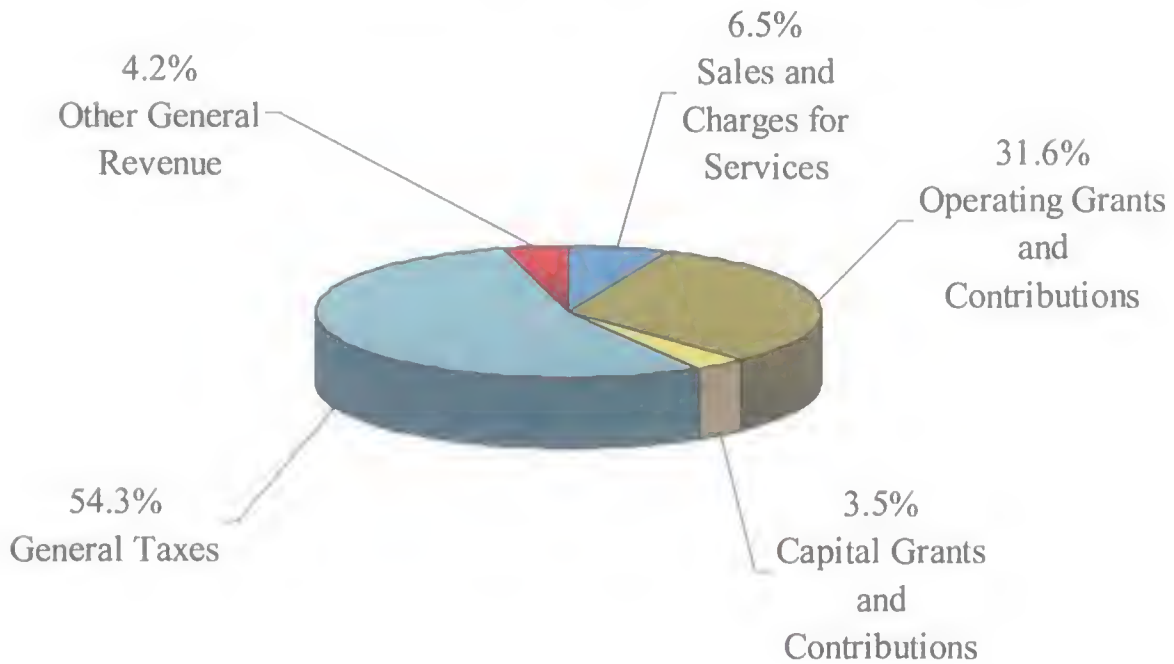
	<b>Governmental</b>		<b>Business-Type</b>		<b>Total Primary</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Government</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
<b>Expenses:</b>						
General Government	\$ 1,562,693	\$ 1,354,451	\$ -	\$ -	\$ 1,562,693	\$ 1,354,451
Education	9,030,145	8,376,252	-	-	9,030,145	8,376,252
Health and Welfare	11,238,207	11,847,414	-	-	11,238,207	11,847,414
Transportation	1,624,369	2,316,638	-	-	1,624,369	2,316,638
Public Safety	1,715,838	1,781,048	-	-	1,715,838	1,781,048
Economic Development and Assistance	696,800	702,879	-	-	696,800	702,879
Culture and Recreation	263,813	225,821	-	-	263,813	225,821
Conservation	60,660	48,791	-	-	60,660	48,791
Interest and Other Charges on Long-Term Debt	326,741	318,860	-	-	326,741	318,860
Georgia Technology Authority	-	-	176,153	193,918	176,153	193,918
Higher Education Fund	-	-	5,292,112	5,310,815	5,292,112	5,310,815
State Employees' Health Benefit Fund	-	-	2,182,743	2,092,457	2,182,743	2,092,457
Unemployment Compensation	-	-	582,171	584,260	582,171	584,260
<b>Total Expenses</b>	<b>\$ 26,519,266</b>	<b>\$ 26,972,154</b>	<b>\$ 8,233,179</b>	<b>\$ 8,181,450</b>	<b>\$ 34,752,445</b>	<b>\$ 35,153,604</b>
<b>Increase (Decrease) in Net Assets Before Transfers</b>	<b>\$ 3,249,376</b>	<b>\$ 1,932,798</b>	<b>\$ (1,957,597)</b>	<b>\$ (2,067,787)</b>	<b>\$ 1,291,779</b>	<b>\$ (134,989)</b>
<b>Transfers</b>	<b>(2,306,278)</b>	<b>(2,340,526)</b>	<b>2,306,278</b>	<b>2,340,526</b>	<b>-</b>	<b>-</b>
<b>Change in Net Assets</b>	<b>\$ 943,098</b>	<b>\$ (407,728)</b>	<b>\$ 348,681</b>	<b>\$ 272,739</b>	<b>\$ 1,291,779</b>	<b>\$ (134,989)</b>
<b>Net Assets, July 1 - Restated</b>	<b>13,490,418</b>	<b>14,904,181</b>	<b>6,180,422</b>	<b>5,907,682</b>	<b>19,670,840</b>	<b>20,811,863</b>
<b>Net Assets, June 30</b>	<b>\$ 14,433,516</b>	<b>\$ 14,496,453</b>	<b>\$ 6,529,103</b>	<b>\$ 6,180,421</b>	<b>\$ 20,962,619</b>	<b>\$ 20,676,874</b>

### **Governmental Activities**

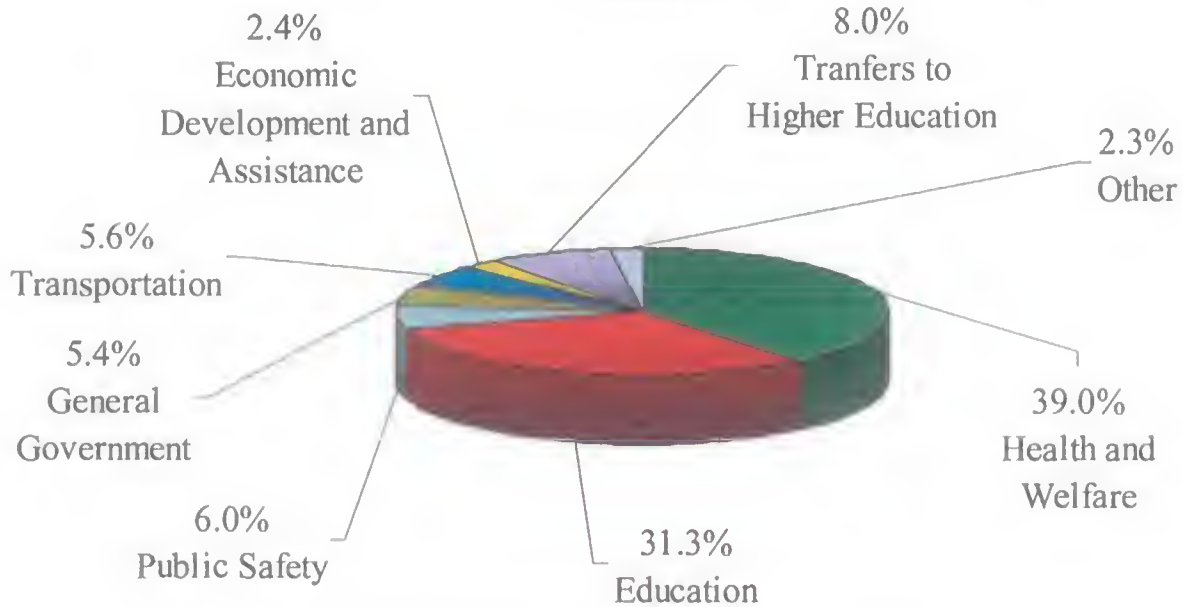
Governmental activities increased the State's net assets (including restatement of the prior year balance) by \$943 million. The increase in the net assets of governmental funds resulted primarily from governmental fund tax revenues exceeding revenue estimates (described below) and current year bond proceeds exceeding expenditures for capital acquisitions. The beginning balance for net assets of the State's governmental activities was restated by \$1.0 billion. The majority of the prior year restatement (\$894 million) resulted because the State Employees' Assurance Department was reported as part of the State's Internal Service Funds in fiscal year 2005 and is reported as part of the State's Pension and Other Employee Benefit Trust Funds in fiscal year 2006.

Governmental revenues account for approximately 83 percent of total revenue. Approximately 54 percent of governmental revenue came from taxes, while 35 percent resulted from grants and contributions (96 percent of which are federal revenues). Charges for various goods and services provided 6 percent of the revenues. The State's expenses cover a range of services. The largest outlays were for education (31 percent), including transfers to higher education (8 percent), and health and welfare (39 percent), which combined, accounted for 78 percent of total governmental activity expenses and transfers. In fiscal year 2006, governmental activity expenses and transfers were funded 42.8 percent, or \$12.3 billion, from program revenues and 60.4 percent, or \$17.4 billion, from general revenues (93 percent of which are taxes).

### Governmental Activities - Sources of Revenue



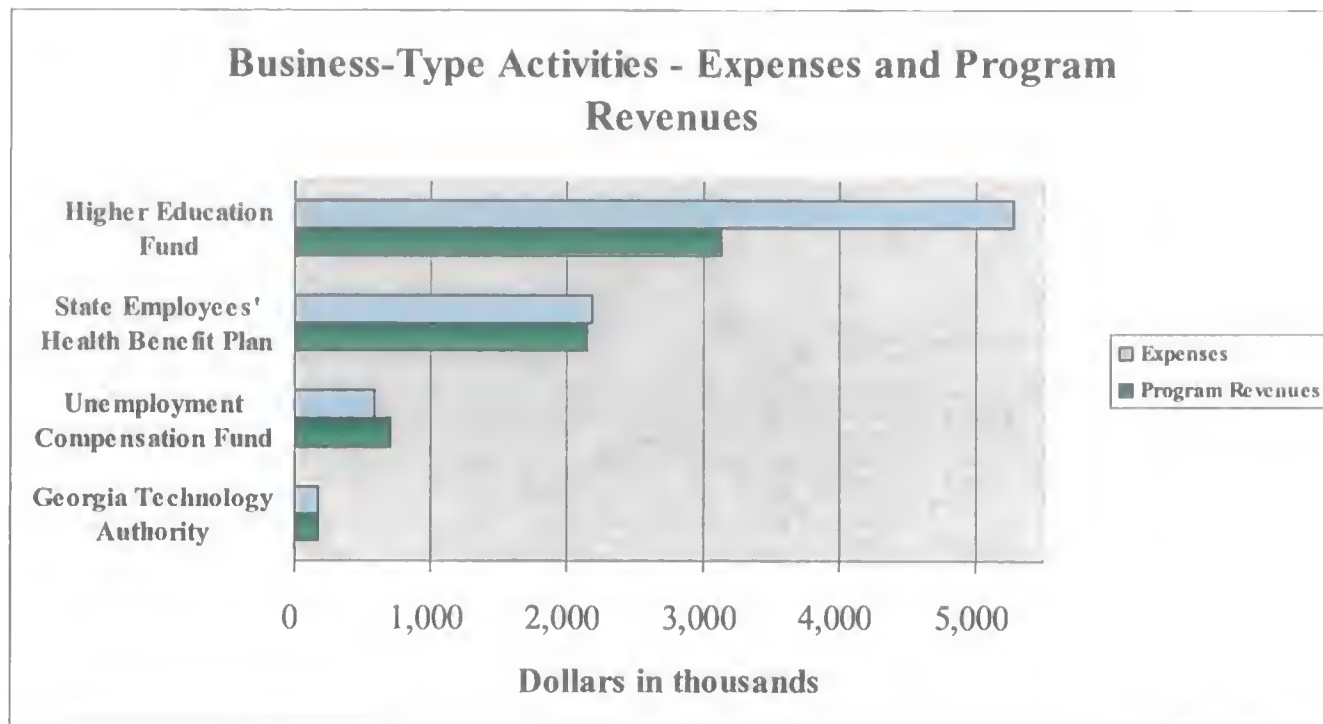
### Governmental Activities - Expenses by Program and Transfers



### Business-Type Activities

Business-type activities increased the State of Georgia's net assets (including restatement of the prior year balance) by \$349 million. The increase is a result of additions to the facilities of various colleges and universities constructed with general obligation bond proceeds transferred from governmental activities, as well as, current year employers' unemployment insurance tax revenue in excess of unemployment insurance benefits expense. Operating Grants and Contributions accounted for 51 percent of revenues and transfers and Higher Education (64 percent) and State Employees' Health Benefit Plan (27 percent) accounted for 91 percent of expense.

In fiscal year 2006, business-type activities expenses were funded 74.9 percent, or \$6.2 billion, from program revenues; 1.3 percent, or \$111 million, from general revenues; and 28.0 percent, or \$2.3 billion, from general tax revenues transferred from governmental activities to fund higher education.



## FINANCIAL ANALYSIS OF THE STATE'S INDIVIDUAL FUNDS

As noted earlier, the State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2006, the State of Georgia's governmental funds reported combined ending fund balances of \$5.5 billion, an increase of \$868 million in comparison with the prior fiscal year (after restatement of the prior year balance). Approximately 39 percent of this total amount (\$2.1 billion) constitutes *unreserved fund balance*, the majority of which is \$925 million in the General Fund for revenue shortfall (\$173 million to fund education programs and \$751 million for revenue shortfalls as required by State Law) and \$1.2 billion in the Capital Projects Fund which is designated to fund capital acquisitions. The remainder of fund balance is *reserved*

to indicate that it is restricted for specific purposes. These reservations include commitments 1) to liquidate contracts and purchase orders (\$847 million), 2) to provide and maintain an adequate system of public roads and bridges in the State (\$1.1 billion appropriated to the Georgia Department of Transportation [GDOT], \$62 million committed to subsequent appropriation to GDOT), 3) to administer education programs funded by the State's lottery (\$784 million), and 4) for a variety of other restricted purposes (\$604 million).

The General Fund is the chief operating fund of the State. At the end of the current fiscal year the General Fund reflected no unreserved, undesignated fund balance, while total fund balance reached \$4.3 billion.

Economic growth continued through the current fiscal year, resulting in collections of general revenues exceeding estimates used in the budget by \$493 million. The State maintained moderate growth in expenditures which contributed to an increase (\$463) in fund balance for the General Fund. By the end of the year, fund balance for the General Fund had grown 13.3 percent from the prior year restated amount.

The Capital Projects Fund, in total, has a fund balance of \$1.20 billion, most of which is designated for future capital outlay. The State has five capital projects funds, with one being considered a major fund for presentation purposes for fiscal year 2006. The major capital projects fund, as mentioned earlier, is the Georgia State Financing and Investment Commission (GSFIC); the total fund balance for GSFIC is \$1.19 billion. The total net increase in fund balance during the current year in the capital projects fund (\$404 million) resulted from the proceeds from the issuance of bond debt in excess of the use of such proceeds for construction and equipment.

#### **Proprietary Funds**

The State's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail.

### **BUDGETARY HIGHLIGHTS**

The final budget exceeded original appropriations by approximately \$5.3 billion. This increase resulted primarily from \$2.3 billion of federal revenues, and \$2.6 billion of other revenues being amended into the budget by the State organizations that anticipated earning the funds. Additionally, the State's Supplementary Appropriations Act increased budgeted state general revenues by \$380 million.

At fiscal year end, funds available were approximately \$1.2 billion less than final budgetary estimates and expenditures were approximately \$2.8 billion less than final budgetary estimates, resulting in an excess of funds available over expenditures of approximately \$1.6 billion.

Excesses of state funds existing as of the end of each fiscal year are reserved and added to the budgetary Revenue Shortfall Reserve. The reserve cannot exceed 10 percent of the previous fiscal year net budgetary revenue for any given fiscal year and up to 1 percent of the preceding fiscal year's budgetary net revenue collections may be appropriated from the reserve to fund increased K-12 educational needs. The State's economic growth, as indicated above, contributed to an increase of \$551 million in the Revenue Shortfall Reserve for the current year, resulting in the fiscal year 2006 balance of \$966 million. The reserve amount was 5.57 percent of budgetary net revenue collections and \$173 million of the reserve is available to fund increased K-12 needs.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

The State of Georgia's investment in capital assets for its governmental and business-type activities as of June 30, 2006, was \$33.6 billion, less accumulated depreciation of \$12.3 billion (net book value of \$21.3 billion). Investment in capital assets includes land, buildings and building improvements, improvements other than

buildings, personal property (machinery and equipment), infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the State, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items.

The total increase in the State of Georgia's investment in capital assets for the current fiscal year was \$2.2 billion, or 7.1 percent (a 7.1 percent increase for governmental activities and a 7.1 percent increase for business-type activities). Accumulated depreciation increased \$1.2 billion or 11.2 percent (a 12.3 percent increase for governmental activities and a 7.9 percent increase for business-type activities). Capital assets, net of accumulated depreciation, the balances of which are reflected below, changed from the prior year as follows: land increased \$382 million or 22 percent, buildings and building improvements increased \$189 million or 4 percent, improvements other than buildings increased \$4 million or 2 percent, machinery and equipment increased \$146 million or 21 percent, software increased \$6 million or 17 percent, library collections increased \$9 million or 6 percent, works of art and collections increased \$3.5 million or 19 percent, infrastructure decreased \$433 million or 4 percent and construction in progress increased \$689 million or 28 percent.

**State of Georgia**  
**Capital Assets, Net of Accumulated Depreciation as of June 30, 2006 and 2005**  
**(expressed in thousands)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2006	2005 (As Restated)	2006	2005 (As Restated)	2006	2005 (As Restated)
Land	\$ 1,917,548	\$ 1,565,871	\$ 223,606	\$ 193,722	\$ 2,141,154	\$ 1,759,593
Buildings and Building Improvements	1,840,017	1,759,884	3,635,036	3,526,246	5,475,053	5,286,130
Improvements Other Than Buildings	43,180	40,933	164,401	162,440	207,581	203,373
Machinery and Equipment	225,978	207,355	630,845	503,010	856,823	710,365
Software	29,810	29,963	12,329	6,068	42,139	36,031
Library Collections		-	151,781	142,682	151,781	142,682
Works of Art and Collections	1,892	1,853	20,551	17,048	22,443	18,901
Infrastructure	9,013,694	9,457,941	215,171	203,733	9,228,865	9,661,674
Construction in Progress	3,005,536	2,346,946	170,473	139,723	3,176,009	2,486,669
Total	\$ 16,077,655	\$ 15,410,746	\$ 5,224,193	\$ 4,894,672	\$ 21,301,848	\$ 20,305,418

Additional information on the State's capital assets can be found in Note 6 to the financial statements of this report.

### Debt Administration

At the end of the current fiscal year, the State had total bonded debt outstanding of \$6.9 billion. As illustrated below, substantially all of this amount is backed by the full faith and credit of the government (*general obligation debt*).

The most current bond ratings for Moody's Investors Service, Fitch Investors Service, L.P., and Standard and Poor's Corporation are Aaa, AAA and AAA, respectively. Under the State's Constitution the highest aggregate annual debt service requirement (general obligation and guaranteed revenue debt) may not exceed 10 percent of the previous fiscal year's revenue collections. The State's current highest annual debt service requirement is 6.0 percent of the previous fiscal year's revenue collections.

**State of Georgia**  
**Outstanding Bond Debt as of June 30, 2006 and 2005**  
**(expressed in thousands)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
General Obligation Bonds	\$ 6,909,343	\$ 6,238,934	\$ -	\$ -	\$ 6,909,343	\$ 6,238,934

The State of Georgia's total long-term liabilities increased by \$827 million (11.2 percent) during the current fiscal year. The key factors contributing to this change are a net increase of \$670 million in general obligation bonds due to the new bond issues exceeding maturities and a net increase of \$161 million in capital lease obligations. The increase in capital lease obligations was primarily (98 percent) in the Higher Education Fund.

Additional information on the State of Georgia's long-term debt can be found in Note 11 of the notes to the financial statements of this report.

## ECONOMIC FACTORS

The trend for economic recovery in the U. S. has been similar for the State of Georgia. On December 12, 2006, the Department of Revenue announced that net revenue collections during the month of November for fiscal year 2007, increased by \$24.0 million or 2.0 percent from the same period in fiscal year 2006. The year-to-date collections for November 2006 increased by \$468.9 million or 8.0 percent from the prior year.

The Georgia Department of Labor reported the November 2006 unemployment rate to be 4.4 percent, or 207,000 of a civilian labor force of 4.8 million, down from the prior month's rate of 4.7 percent. The November 2006 rate also indicated a decrease of 0.7 percent from the same month of the prior year.

While employment growth has slowed in recent months, non-farm employment growth was sturdy in Georgia in fiscal year 2006. Job additions as measured by the increase in total non-farm employment from June 2005 to June 2006 as reported by the Bureau of Labor Statistics totaled 80,100 jobs, an increase of 2.0 percent. Year over year job growth slid, however, from 2.4 percent in April to 1.9 percent in July 2006. This decline reflects the slowing national economy which has also seen job growth sag in recent months. Note that Georgia's job growth rate remains well above the U. S.; 1.9 percent compared to 1.3 percent for the U. S. in July.

Personal income growth sagged in the first quarter of calendar of 2006 and fell below personal income growth in the U. S. It is important to note that this slowdown in growth was primarily due to a large decrease in earnings in one category, management of companies and enterprises. The decrease in earnings in this one category lowered total personal income growth by 0.6 percent for the quarter. For this reason, the low growth in person income experienced in the first quarter of 2006 has been interpreted as an anomaly and not part of a broader slowdown in personal income growth.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the State of Georgia's finances for all of Georgia's citizens, taxpayers, customers, and investors and creditors. This financial report seeks to demonstrate the State's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: State Accounting Office, 200 Piedmont Avenue, Suite 1604 West Tower, Atlanta, Georgia 30334-9010.

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## BASIC FINANCIAL STATEMENTS

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# State of Georgia

## Statement of Net Assets

June 30, 2006

(expressed in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Cash and Cash Equivalents	\$ 2,616,235	\$ 2,173,974	\$ 4,790,209	\$ 838,644
Investments	3,281,113	419,635	3,700,748	2,764,746
Accounts Receivable (Net of Allowances for Uncollectibles)				
Interest and Dividends	67,042	—	67,042	15,915
Notes and Loans	1,461	42,481	43,942	395,153
Taxes	1,311,483	—	1,311,483	298
Other	712,592	322,504	1,035,096	839,018
Internal Balances	83,728	(83,728)	0	—
Due From Primary Government	—	—	0	9,946
Due From Component Units	21,912	77,742	99,654	80,949
Intergovernmental Receivables	1,637,880	55,368	1,693,248	6,433
Inventories	46,424	27,829	74,253	14,844
Prepaid Items	46,932	49,069	96,001	9,596
Other Assets	31,688	31	31,719	154,362
<b>Restricted Assets</b>				
Cash and Cash Equivalents	—	—	0	326,444
Investments	—	—	0	443,362
Receivables				
Loans (Net)	—	—	0	1,363,709
Interest and Dividends	—	—	0	5,243
Other	—	—	0	122
Advances to Component Units	26,294	2,336	28,630	—
Deferred Charges	8,790	—	8,790	17,209
Capital Assets (Net of Accumulated Depreciation)	16,077,655	5,224,193	21,301,848	1,949,067
<b>Total Assets</b>	<b>\$ 25,971,229</b>	<b>\$ 8,311,434</b>	<b>\$ 34,282,663</b>	<b>\$ 9,235,060</b>
<b>Liabilities</b>				
Accounts Payable and Other Accruals	\$ 2,135,447	\$ 92,018	\$ 2,227,465	\$ 270,848
Due to Primary Government	—	—	0	99,654
Due to Component Units	1,342	8,604	9,946	80,949
Salaries/Withholdings Payable	12,780	15,442	28,222	10,983
Benefits Payable	1,241,723	285,667	1,527,390	—
Accrued Interest Payable	119,740	—	119,740	3,761
Contracts Payable	30,623	7,159	37,782	93
Undistributed Local Government Sales Tax	109,400	—	109,400	—
Funds Held for Others	162,364	44,042	206,406	25,123
Unearned Revenue	163,477	275,789	439,266	569,733
Deposits	6	31,456	31,462	—
Claims and Judgments Payable	373,247	—	373,247	—
Liabilities Payable from Restricted Assets	—	—	0	24,862
Other Liabilities	5,415	8,449	13,864	77,053
<b>Noncurrent Liabilities:</b>				
Due within one year	694,827	123,816	818,643	210,983
Due in more than one year	6,487,322	889,889	7,377,211	3,228,992
<b>Total Liabilities</b>	<b>\$ 11,537,713</b>	<b>\$ 1,782,331</b>	<b>\$ 13,320,044</b>	<b>\$ 4,603,034</b>

The notes to the financial statements are an integral part of this statement.

# State of Georgia

## Statement of Net Assets

June 30, 2006

(expressed in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	\$ 11,274,666	\$ 4,387,218	\$ 15,661,884	\$ 992,315
Restricted for:				
Bond Covenants/Debt Service	—	—	0	58,810
Construction	—	—	0	14,854
Distance Learning and Telemedicine	—	772	772	—
Guaranteed Revenue Debt Common Reserve Fund	71,691	—	71,691	—
Hazardous Waste Trust Fund	22,813	—	22,813	—
Loan and Grant Programs	—	—	0	28,627
Lottery for Education	784,489	—	784,489	—
Motor Fuel Tax Funds	1,108,143	—	1,108,143	—
Permanent Trusts:				
Nonexpendable	—	117,722	117,722	782,283
Expendable	—	203,090	203,090	737,571
Underground Storage Trust Fund	60,501	—	60,501	—
Unemployment Compensation Benefits	—	1,426,222	1,426,222	—
Other Purposes	116,596	19,248	135,844	4,884
Unrestricted	994,617	374,831	1,369,448	2,012,682
Total Net Assets	\$ 14,433,516	\$ 6,529,103	\$ 20,962,619	\$ 4,632,026

The notes to the financial statements are an integral part of this statement.

# State of Georgia

## Statement of Activities

For the Fiscal Year Ended June 30, 2006

(expressed in thousands)

Functions/Programs	Program		
	Expenses	Sales and Charges for Services	Operating Grants and Contributions
<b>Primary Government</b>			
Governmental Activities:			
General Government	\$ 1,562,693	\$ 787,894	\$ 126,593
Education	9,030,145	2,832	1,564,563
Health and Welfare	11,238,207	706,876	7,001,405
Transportation	1,624,369	25,963	8,751
Public Safety	1,715,838	141,432	141,987
Economic Development and Assistance	696,800	96,798	476,197
Culture and Recreation	263,813	151,059	56,814
Conservation	60,660	7,846	17,376
Interest and Other Charges on Long-Term Debt	326,741	—	—
Total Governmental Activities	\$ 26,519,266	\$ 1,920,700	\$ 9,393,686
Business-Type Activities:			
Georgia Technology Authority	\$ 176,153	\$ 177,137	\$ 50
Higher Education Fund	5,292,112	1,567,385	1,518,216
State Employees' Health Benefit Plan	2,182,743	—	2,145,628
Unemployment Compensation Fund	582,171	—	710,259
Total Business-Type Activities	\$ 8,233,179	\$ 1,744,522	\$ 4,374,153
Total Primary Government	\$ 34,752,445	\$ 3,665,222	\$ 13,767,839
<b>Component Units</b>			
Georgia Environmental Facilities Authority	\$ 29,605	\$ 37,906	\$ 47,916
Georgia Housing and Finance Authority	79,871	43,044	32,454
Georgia Lottery Corporation	2,967,284	2,960,246	—
Georgia Tech Foundation, Incorporated	93,038	16,703	38,682
State Road and Tollway Authority	227,466	20,743	364
Nonmajor Component Units	1,711,127	997,607	603,887
Total Component Units	\$ 5,108,391	\$ 4,076,249	\$ 723,303

### General Revenues:

#### Taxes

Personal Income Taxes

General Sales Taxes

Other Taxes

Contributions to Permanent Endowments

Unrestricted Investment Income

Unclaimed Property

Other

Payments from the State of Georgia

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning - Restated (Note 3)

Net Assts - Ending

The notes to financial statements are an integral part of this statement.

Revenues	Net (Expense) Revenue and Changes in Net Assets			
	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Capital Grants and Contributions				
\$ 11,062	\$ (637,144)	\$ —	\$ (637,144)	\$ —
(1,241)	(7,463,991)	—	(7,463,991)	—
—	(3,529,926)	—	(3,529,926)	—
1,010,790	(578,865)	—	(578,865)	—
4,866	(1,427,553)	—	(1,427,553)	—
—	(123,805)	—	(123,805)	—
7,484	(48,456)	—	(48,456)	—
—	(35,438)	—	(35,438)	—
—	(326,741)	—	(326,741)	—
<u>\$ 1,032,961</u>	<u>\$ (14,171,919)</u>	<u>\$ —</u>	<u>\$ (14,171,919)</u>	<u>\$ —</u>
\$ —	\$ —	\$ 1,034	\$ 1,034	\$ —
45,965	—	(2,160,546)	(2,160,546)	—
—	—	(37,115)	(37,115)	—
—	—	128,088	128,088	—
<u>\$ 45,965</u>	<u>\$ —</u>	<u>\$ (2,068,539)</u>	<u>\$ (2,068,539)</u>	<u>\$ —</u>
<u>\$ 1,078,926</u>	<u>\$ (14,171,919)</u>	<u>\$ (2,068,539)</u>	<u>\$ (16,240,458)</u>	<u>\$ —</u>
\$ 101,488	\$ —	\$ —	\$ —	\$ 157,705
—	—	—	—	(4,373)
—	—	—	—	(7,038)
—	—	—	—	(37,653)
—	—	—	—	(206,359)
36,150	—	—	—	(73,483)
<u>\$ 137,638</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (171,201)</u>
\$ 8,104,465	\$ —	\$ 8,104,465	\$ —	—
5,603,743	—	5,603,743	—	—
2,451,385	—	2,451,385	26,280	—
—	—	0	39,103	—
196,422	110,942	307,364	246,194	—
107,149	—	107,149	—	—
958,131	—	958,131	17,787	—
—	—	0	158,035	—
(2,306,278)	2,306,278	0	—	—
<u>\$ 15,115,017</u>	<u>\$ 2,417,220</u>	<u>\$ 17,532,237</u>	<u>\$ 487,399</u>	<u>\$ 316,198</u>
\$ 943,098	\$ 348,681	\$ 1,291,779	\$ 316,198	—
13,490,418	6,180,422	19,670,840	4,315,828	—
<u>\$ 14,433,516</u>	<u>\$ 6,529,103</u>	<u>\$ 20,962,619</u>	<u>\$ 4,632,026</u>	<u>\$ —</u>

# State of Georgia

## Balance Sheet Governmental Funds June 30, 2006 (expressed in thousands)

	General Fund	Georgia State Financing and Investment Commission	Nonmajor Funds	Total
<b>Assets</b>				
Cash and Cash Equivalents	\$ 2,424,349	\$ 103,696	\$ 7,544	\$ 2,535,589
Investments	1,874,360	1,148,627	2,955	3,025,942
Receivables (Net of Allowances for Uncollectibles)				
Taxes	1,311,483	—	—	1,311,483
Interest and Dividends	55,436	11,607	—	67,043
Notes and Loans	1,461	—	—	1,461
Other	689,657	—	—	689,657
Due from Other Funds	655	—	—	655
Due from Component Units	19,079	—	—	19,079
Intergovernmental Receivables	1,637,880	—	—	1,637,880
Inventories	38,761	—	—	38,761
Prepaid Items	46,678	—	—	46,678
Advances to Component Units	29,127	—	—	29,127
Other Assets	31,688	—	—	31,688
<b>Total Assets</b>	<b>\$ 8,160,614</b>	<b>\$ 1,263,930</b>	<b>\$ 10,499</b>	<b>\$ 9,435,043</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts Payable and Other Accruals	\$ 2,094,202	\$ 36,117	\$ —	\$ 2,130,319
Due to Other Funds	101,718	—	—	101,718
Due to Component Units	1,342	—	—	1,342
Salaries/Withholdings Payable	10,389	—	—	10,389
Benefits Payable	1,241,723	—	—	1,241,723
Contracts Payable	2,224	28,400	—	30,624
Undistributed Local Government Sales Tax	109,400	—	—	109,400
Funds Held for Others	162,364	—	—	162,364
Deferred Revenue	165,014	—	—	165,014
Other Liabilities	5,415	—	—	5,415
<b>Total Liabilities</b>	<b>\$ 3,893,791</b>	<b>\$ 64,517</b>	<b>\$ 0</b>	<b>\$ 3,958,308</b>
<b>Fund Balances:</b>				
Reserved for Advances	\$ 29,127	\$ —	\$ —	\$ 29,127
Reserved for Encumbrances	846,738	—	—	846,738
Reserved for Guaranteed Revenue Debt Common Reserve Fund	71,691	—	—	71,691
Reserved for Hazardous Waste Trust Fund	22,813	—	—	22,813
Reserved for Inventories	39,965	—	—	39,965
Reserved for Lottery for Education	784,489	—	—	784,489
Reserved for Motor Fuel Tax Funds	1,108,143	—	—	1,108,143
Reserved for Underground Storage Trust Fund	60,501	—	—	60,501
Reserved for Unissued Debt/Debt Service	245,677	—	—	245,677
Reserved for Other Specific Purposes	133,089	—	1,028	134,117
Unreserved				
Designated for Capital Outlay	—	1,199,413	—	1,199,413
Designated for Revenue Shortfall				
Education (K - 12)	173,388	—	—	173,388
Other	751,202	—	—	751,202
Unreserved, Undesignated, Reported in				
General Fund	0	—	—	0
Special Revenue Funds	—	—	1,219	1,219
Capital Projects Funds	—	—	8,252	8,252
<b>Total Fund Balances</b>	<b>\$ 4,266,823</b>	<b>\$ 1,199,413</b>	<b>\$ 10,499</b>	<b>\$ 5,476,735</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,160,614</b>	<b>\$ 1,263,930</b>	<b>\$ 10,499</b>	<b>\$ 9,435,043</b>

The notes to the financial statements are an integral part of this statement.

# State of Georgia

## Reconciliation of the Balance Sheet – Governmental Funds To the Statement of Net Assets June 30, 2006 (expressed in thousands)

Total Fund Balances - Governmental Funds \$ 5,476,735

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land	\$ 1,896,047	
Buildings and Building Improvements	2,513,794	
Improvements Other Than Buildings	71,843	
Equipment	717,678	
Infrastructure	16,758,419	
Construction in Progress	2,992,337	
Works of Art	756	
Software	83,500	
Accumulated Depreciation	(9,214,494)	15,819,880

Bond issuance costs are reported as expenditures in the funds. However, issuance costs are deferred and amortized over the life of the bonds and are included in governmental activities in the Statement of Net Assets.

8,790

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of a majority of the internal service funds are included in governmental activities in the Statement of Net Assets.

426,382

Certain long-term liabilities and related accrued interest are not due and payable in the current period and, therefore, are not reported in the funds.

General Obligation Bonds	\$ (6,842,900)	
Premiums	(171,791)	
Deferred Amount on Refunding	105,348	
Accrued Interest Payable	(119,740)	
Capital Leases	(4,748)	
Compensated Absences	(255,725)	
Long-Term Notes	(795)	
Contracts Payable	(5,374)	
Arbitrage Rebate	(2,546)	(7,298,271)

Total Net Assets - Governmental Activities \$ 14,433,516

The notes to the financial statements are an integral part of this statement.

# State of Georgia

## Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2006 (expressed in thousands)

	General Fund	Georgia State Financing and Investment Commission	Nonmajor Funds	Total
<b>Revenues:</b>				
Taxes	\$ 16,159,593	\$ —	\$ —	\$ 16,159,593
Licenses and Permits	539,158	—	—	539,158
Intergovernmental - Federal	10,024,646	—	—	10,024,646
Intergovernmental - Other	117,040	—	—	117,040
Sales and Services	994,789	—	207	994,996
Fines and Forfeits	303,788	—	—	303,788
Interest and Other Investment Income	162,207	24,229	538	186,974
Rents and Royalties	15,865	—	72	15,937
Contributions and Donations	116,603	—	1,796	118,399
Penalties and Interest on Taxes	10,758	—	—	10,758
Unclaimed Property	107,149	—	—	107,149
Lottery Proceeds	822,797	—	—	822,797
Nursing Home Provider Fees	95,607	—	—	95,607
Other	240,135	1,552	10	241,697
<b>Total Revenues</b>	<b>\$ 29,710,135</b>	<b>\$ 25,781</b>	<b>\$ 2,623</b>	<b>\$ 29,738,539</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	\$ 1,158,144	\$ 651	\$ 15	\$ 1,158,810
Education	9,031,187	—	1	9,031,188
Health and Welfare	11,270,055	—	—	11,270,055
Transportation	2,079,873	—	—	2,079,873
Public Safety	1,788,074	—	—	1,788,074
Economic Development and Assistance	683,900	—	1,780	685,680
Culture and Recreation	282,422	—	—	282,422
Conservation	61,041	—	—	61,041
Capital Outlay	—	477,933	176	478,109
Debt Service				
Principal	—	—	570,042	570,042
Interest	—	—	324,893	324,893
Accrued Interest on Bonds Retired in Advance	—	—	121	121
Discount on Bonds Retired in Advance	—	—	(12,337)	(12,337)
Other Debt Service Expenditures	—	7,799	1,920	9,719
Intergovernmental	—	243,347	—	243,347
<b>Total Expenditures</b>	<b>\$ 26,354,696</b>	<b>\$ 729,730</b>	<b>\$ 886,611</b>	<b>\$ 27,971,037</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ 3,355,439</b>	<b>\$ (703,949)</b>	<b>\$ (883,988)</b>	<b>\$ 1,767,502</b>
<b>Other Financing Sources (Uses):</b>				
General Obligation Bonds Issuance	\$ —	\$ 1,236,010	\$ —	\$ 1,236,010
Refunding Bonds Issuance	—	—	425,000	425,000
Premium on General Obligation Bonds Sold	—	4,040	—	4,040
Premium on Refunding Bonds Sold	—	—	46,399	46,399
Proceeds from Disposition of General Capital Assets	600	—	—	600
Payment to Refunded Bond Escrow Agent	—	—	(469,479)	(469,479)
Capital Leases	1,085	—	—	1,085
Transfers In	131,922	7,566	883,015	1,022,503
Transfers Out	(3,025,587)	(140,271)	—	(3,165,858)
<b>Net Other Financing Sources (Uses)</b>	<b>\$ (2,891,980)</b>	<b>\$ 1,107,345</b>	<b>\$ 884,935</b>	<b>\$ (899,700)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 463,459</b>	<b>\$ 403,396</b>	<b>\$ 947</b>	<b>\$ 867,802</b>
<b>Fund Balances, July 1 (Restated - Note 3)</b>	<b>3,766,252</b>	<b>796,017</b>	<b>9,552</b>	<b>4,571,821</b>
<b>Adjustments (Note 3)</b>	<b>37,112</b>	<b>—</b>	<b>—</b>	<b>37,112</b>
<b>Fund Balances, June 30</b>	<b>\$ 4,266,823</b>	<b>\$ 1,199,413</b>	<b>\$ 10,499</b>	<b>\$ 5,476,735</b>

The notes to the financial statements are an integral part of this statement.



# State of Georgia

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2006 (expressed in thousands)

Net Change in Fund Balances - Governmental Funds	\$	867,802
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay (net of losses), net of transfers to Business-Type Activities, Component Units and outside organizations.	\$	1,699,905
Depreciation expense		(1,053,946)
		645,959
Bond proceeds (net of issuance costs and payments to refunding escrow) provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Assets.		
		(1,239,166)
Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Assets, the lease obligation is reported as a liability.		
		(1,762)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces the long-term liabilities in the Statement of Net Assets. Payments were made on the following long-term liabilities:		
General Obligation Bonds	\$	569,970
Contracts		8,495
Notes		350
Capital Leases		2,136
		580,951
Internal service funds are used by management to charge the costs of certain activities to individual funds. The incorporation of the external activities of these funds, and the elimination of profit/loss generated by primary government customers results in net revenue (expense) for Governmental Activities.		
		93,182
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This adjustment combines the net changes in the following balances:		
Compensated Absences	\$	(5,611)
Accrued Interest on Bonds Payable		(6,266)
Arbitrage Rebate		7,110
Amortization of Deferred Amount on Refunding		(8,612)
Amortization of Bond Premiums		10,202
Allocation of Deferred Bond Issuance Costs		(691)
		(3,868)
Change in Net Assets - Governmental Activities	\$	943,098

The notes to the financial statements are an integral part of this statement.

# State of Georgia

## Statement of Net Assets Proprietary Funds June 30, 2006 (expressed in thousands)

	Business-Type Activities		
	Major Funds		
	State		
	Higher Education Fund	Employees' Health Benefit Plan	Unemployment Compensation Fund
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 554,014	\$ 222,231	\$ 1,328,191
Investments	142,039	82,766	—
Accounts Receivable (Net of Allowances for Uncollectibles)	145,535	35,746	133,803
Due From Other Funds	—	—	—
Due From Component Units	77,649	—	—
Intergovernmental Receivables	55,157	—	153
Inventories	27,272	—	—
Prepaid Items	49,069	—	—
Other Assets	31	—	—
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	15,041	—	—
Investments	129,537	46,802	—
Notes Receivable	42,481	—	—
Advances to Component Units	2,336	—	—
Capital Assets:			
Land	223,575	—	—
Buildings and Building Improvements	5,069,430	—	—
Improvements Other Than Buildings	269,942	—	—
Machinery and Equipment	1,432,622	—	—
Software	—	—	—
Library Collections	605,334	—	—
Works of Art and Collections	20,976	—	—
Infrastructure	266,602	—	—
Construction in Progress	170,473	—	—
Accumulated Depreciation	(2,873,037)	—	—
Total Assets	\$ 6,426,078	\$ 387,545	\$ 1,462,147

The notes to the financial statements are an integral part of this statement.

- Enterprise Funds			
Nonmajor Fund		Governmental Activities -	
Georgia Technology Authority	Total	Internal Service Funds	
\$ 54,493	\$ 2,158,929	\$ 80,649	
18,491	243,296	44,408	
7,414	322,498	22,942	
14,073	14,073	123,152	
93	77,742	—	
58	55,368	—	
557	27,829	7,662	
—	49,069	254	
—	31	—	
—	15,041	—	
—	176,339	210,764	
—	42,481	—	
—	2,336	—	
31	223,606	21,499	
1,020	5,070,450	365,428	
—	269,942	5,032	
84,168	1,516,790	23,974	
51,312	51,312	—	
—	605,334	—	
—	20,976	1,240	
—	266,602	—	
—	170,473	—	
(98,263)	(2,971,300)	(159,392)	
\$ 133,447	\$ 8,409,217	\$ 747,612	
		(continued)	

# State of Georgia

## Statement of Net Assets Proprietary Funds (continued) June 30, 2006 (expressed in thousands)

	Business-Type Activities		
	Major Funds		
	State		
	Higher Education Fund	Employees' Health Benefit Plan	Unemployment Compensation Fund
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable and Other Accruals	\$ 82,803	\$ 2,092	\$ 5,448
Due to Other Funds	35,423	—	—
Due to Component Units	729	—	—
Salaries/Withholdings Payable	15,342	6	—
Benefits Payable	27,984	247,350	10,333
Contracts Payable	7,159	—	—
Funds Held for Others	44,042	—	—
Unearned Revenue	190,299	58,071	20,144
Deposits	31,456	—	—
Claims and Judgments Payable	—	—	—
Compensated Absences Payable - Current	94,700	95	—
Capital Leases/Installment Purchases Payable - Current	25,399	—	—
Notes Payable - Current	167	—	—
Other Current Liabilities	8,949	—	—
Noncurrent Liabilities:			
Due to Component Units	7,875	—	—
Deferred Revenue	7,201	—	—
Compensated Absences Payable	71,298	151	—
Capital Leases/Installment Purchases Payable	811,238	—	—
Notes Payable	2,451	—	—
Other Noncurrent Liabilities	712	—	—
Total Liabilities	\$ 1,465,227	\$ 307,765	\$ 35,925
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	\$ 4,352,231	\$ —	\$ —
Restricted for:			
Distance Learning and Telemedicine	—	—	—
Permanent Trusts:			
Nonexpendable	117,722	—	—
Expendable	203,090	—	—
Unemployment Compensation Benefits	—	—	1,426,222
Other Purposes	19,248	—	—
Unrestricted	268,560	79,780	—
Total Net Assets	\$ 4,960,851	\$ 79,780	\$ 1,426,222

Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.

Net Assets of Business-Type Activities

The notes to the financial statements are an integral part of this statement.

- Enterprise Funds

Nonmajor Fund		Governmental Activities - Internal Service Funds	
Georgia Technology Authority	Total		
\$ 1,396	\$ 91,739	\$ 5,408	
655	36,078	84	
—	729	—	
94	15,442	25	
—	285,667	—	
—	7,159	—	
—	44,042	—	
74	268,588	828	
—	31,456	6	
—	0	373,248	
1,803	96,598	2,355	
1,152	26,551	—	
—	167	—	
—	8,949	—	
—	7,875	—	
—	7,201	—	
1,902	73,351	1,261	
2,137	813,375	—	
—	2,451	—	
—	712	—	
<u>\$ 9,213</u>	<u>\$ 1,818,130</u>	<u>\$ 383,215</u>	
 \$ 34,979	 \$ 4,387,210	 \$ 257,781	
772	772	—	
—	117,722	—	
—	203,090	—	
—	1,426,222	—	
—	19,248	1,647	
<u>88,483</u>	<u>436,823</u>	<u>104,969</u>	
 <u>\$ 124,234</u>	 <u>\$ 6,591,087</u>	 <u>\$ 364,397</u>	
	<u>(61,984)</u>		
	<u>\$ 6,529,103</u>		

# State of Georgia

## Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Funds For the Fiscal Year Ended June 30, 2006 (expressed in thousands)

	Business-Type Activities - Enterprise Funds			
	Major Funds			Nonmajor
	Higher Education Fund	State Employees' Health Benefit Plan	Unemployment Compensation Fund	Georgia Technology Authority
Operating Revenues:				
Operating Grants and Contributions/Premiums	\$ 1,324,879	\$ 2,145,628	\$ 710,137	\$ —
Rents and Royalties	3,447	—	—	—
Sales and Services	577,427	—	—	177,137
Tuition and Fees	1,099,082	—	—	—
Less: Scholarship Allowances	(193,122)	—	—	—
Other	80,551	—	122	—
Total Operating Revenues	\$ 2,892,264	\$ 2,145,628	\$ 710,259	\$ 177,137
Operating Expenses:				
Personal Services	\$ 3,019,427	\$ 4,670	\$ —	\$ 41,843
Services and Supplies	1,740,174	129,933	—	122,499
Scholarships and Fellowships	229,487	—	—	—
Benefits	—	2,048,140	582,171	—
Claims and Judgments	—	—	—	—
Less: Insurance Recoveries	—	—	—	—
Depreciation	272,226	—	—	11,134
Total Operating Expenses	\$ 5,261,314	\$ 2,182,743	\$ 582,171	\$ 175,476
Operating Income (Loss)	\$ (2,369,050)	\$ (37,115)	\$ 128,088	\$ 1,661
Nonoperating Revenues (Expenses):				
Grants and Contributions	\$ 193,337	\$ —	\$ —	\$ 50
Interest and Other Investment Income	40,501	13,145	53,659	3,637
Interest Expense	(44,022)	—	—	(221)
Other	(23,889)	—	—	(81)
Total Nonoperating Revenues (Expenses)	\$ 165,927	\$ 13,145	\$ 53,659	\$ 3,385
Income (Loss) Before Contributions and Transfers	\$ (2,203,123)	\$ (23,970)	\$ 181,747	\$ 5,046
Capital Contributions	\$ 228,903	\$ —	\$ —	\$ —
Transfers:				
Transfers In	\$ 2,148,761	\$ —	\$ —	\$ 397
Transfers Out	(1,891)	—	—	(9,530)
Net Transfers	\$ 2,146,870	\$ 0	\$ 0	\$ (9,133)
Change in Net Assets	\$ 172,650	\$ (23,970)	\$ 181,747	\$ (4,087)
Net Assets, July 1 (Restated)	4,788,201	103,750	1,244,475	128,321
Net Assets, June 30	\$ 4,960,851	\$ 79,780	\$ 1,426,222	\$ 124,234

Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.

Change in Net Assets of Business-Type Activities

The notes to the financial statements are an integral part of this statement.

		Governmental Activities - Internal Service Funds
	<u>Total</u>	
\$	4,180,644	\$ 178,522
	3,447	43,279
	754,564	53,584
	1,099,082	—
	(193,122)	—
	<u>80,673</u>	<u>941</u>
\$	<u>5,925,288</u>	\$ <u>276,326</u>
\$	3,065,940	\$ 31,040
	1,992,606	84,553
	229,487	—
	2,630,311	—
	0	84,634
	0	(10,283)
	<u>283,360</u>	<u>14,424</u>
\$	<u>8,201,704</u>	\$ <u>204,368</u>
\$	<u>(2,276,416)</u>	\$ <u>71,958</u>
\$	193,387	\$ —
	110,942	(1,502)
	(44,243)	—
	<u>(23,970)</u>	<u>14,194</u>
\$	<u>236,116</u>	\$ <u>12,692</u>
\$	<u>(2,040,300)</u>	\$ <u>84,650</u>
\$	<u>228,903</u>	\$ <u>28,422</u>
\$	2,149,158	\$ 3,293
	<u>(11,421)</u>	<u>(842)</u>
\$	<u>2,137,737</u>	\$ <u>2,451</u>
\$	326,340	\$ 115,523
		<u>248,874</u>
		<u>\$ 364,397</u>
	<u>22,341</u>	
\$	<u>348,681</u>	

# State of Georgia

## Statement of Cash Flows

### Proprietary Funds

For the Fiscal Year Ended June 30, 2006

(expressed in thousands)

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	State		
	Higher Education Fund	Employees' Health Benefit Plan	Unemployment Compensation Fund
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 596,500	\$ —	\$ —
Cash Received from Grants and Required Contributions/Premiums	1,341,027	2,148,509	725,744
Cash Received from Tuition and Fees	915,969	—	—
Cash Received from Insurance Recoveries	—	—	—
Cash Paid to Vendors	(2,413,591)	(136,053)	—
Cash Paid to Employees	(2,555,979)	(4,666)	—
Cash Paid for Benefits	—	(1,976,368)	(579,815)
Cash Paid for Claims and Judgments	—	—	—
Cash Paid for Scholarships, Fellowships and Loans	(246,356)	—	—
Other Operating Items (Net)	297,556	—	—
Net Cash Provided by (Used in) Operating Activities	\$ (2,064,874)	\$ 31,422	\$ 145,929
Cash Flows from Noncapital Financing Activities:			
Transfers from Other Funds	\$ 2,148,761	\$ —	\$ —
Transfers to Other Funds	(1,891)	—	—
Other Noncapital Items (Net)	183,813	—	—
Net Cash Provided by (Used in) Noncapital Financing Activities	\$ 2,330,683	\$ 0	\$ 0
Cash Flows from Capital and Related Financing Activities:			
Capital Contributions	\$ 44,064	\$ —	\$ —
Proceeds from Sale of Capital Assets	3,006	—	—
Proceeds from Capital Debt	6,269	—	—
Acquisition and Construction of Capital Assets	(249,268)	—	—
Principal Paid on Capital Debt	(25,801)	—	—
Interest Paid on Capital Debt	(43,507)	—	—
Net Cash Used in Capital and Related Financing Activities	\$ (265,237)	\$ 0	\$ 0
Cash Flows from Investing Activities:			
Purchase of Investments (Net)	\$ (8,675)	\$ 11,516	\$ —
Interest and Dividends Received	36,050	13,145	53,659
Net Cash Provided by Investing Activities	\$ 27,375	\$ 24,661	\$ 53,659
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 27,947	\$ 56,083	\$ 199,588
Cash and Cash Equivalents, July 1	541,108	166,148	1,128,603
Cash and Cash Equivalents, June 30	\$ 569,055	\$ 222,231	\$ 1,328,191
Statement of Net Assets Reconciliation:			
Current Assets	\$ 554,014	\$ 222,231	\$ 1,328,191
Noncurrent Assets	15,041	—	—
Total Cash and Cash Equivalents, June 30	\$ 569,055	\$ 222,231	\$ 1,328,191

The notes to the financial statements are an integral part of this statement.



Nonmajor Fund		Governmental Activities -
Georgia Technology Authority	Total	Internal Service Funds
\$ 170,737	\$ 767,237	\$ 97,134
—	4,215,280	36,918
—	915,969	—
—	0	10,283
(127,584)	(2,677,228)	(88,915)
(42,080)	(2,602,725)	(31,259)
—	(2,556,183)	—
—	0	(99,775)
—	(246,356)	—
—	297,556	33
\$ 1,073	\$ (1,886,450)	\$ (75,581)
\$ 397	\$ 2,149,158	\$ 3,293
(9,530)	(11,421)	(842)
50	183,863	8,148
\$ (9,083)	\$ 2,321,600	\$ 10,599
\$ —	\$ 44,064	\$ 6,776
—	3,006	9
—	6,269	—
(17,352)	(266,620)	(13,731)
(995)	(26,796)	—
(221)	(43,728)	—
\$ (18,568)	\$ (283,805)	\$ (6,946)
\$ (1,643)	\$ 1,198	\$ 12,187
3,637	106,491	11,401
\$ 1,994	\$ 107,689	\$ 23,588
\$ (24,584)	\$ 259,034	\$ (48,340)
79,077	1,914,936	128,989
\$ 54,493	\$ 2,173,970	\$ 80,649
\$ 54,493	\$ 2,158,929	\$ 80,649
—	15,041	—
\$ 54,493	\$ 2,173,970	\$ 80,649

(continued)

# State of Georgia

## Statement of Cash Flows

### Proprietary Funds (continued)

For the Fiscal Year Ended June 30, 2006

(expressed in thousands)

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Higher Education Fund	State Employees' Health Benefit Plan	Unemployment Compensation Fund
Operating Income (Loss)	\$ (2,369,050)	\$ (37,115)	\$ 128,088
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation Expense	272,226	—	—
Other	—	—	—
Changes in Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	(7,969)	(560)	16,259
Increase in Due From Other Funds	—	—	—
Increase in Due From Component Units	—	—	—
Decrease (Increase) in Intergovernmental Receivables	—	—	(47)
Decrease (Increase) in Inventories	(1,620)	—	—
Decrease (Increase) in Prepaid Items	(16,846)	—	—
Increase in Other Assets	760	—	—
Increase in Notes Receivable	530	—	—
Increase (Decrease) in Accounts Payable and Other Accruals	15,442	(6,120)	2,924
Decrease in Due to Other Funds	—	—	—
Increase (Decrease) in Salaries/Withholdings Payable	144	(2)	—
Increase in Benefits Payable	26,763	71,772	2,356
Increase in Contracts Payable	—	—	—
Increase (Decrease) in Unearned Revenue	11,838	3,441	(3,651)
Increase in Customer Deposits	—	—	—
Increase in Claims and Judgments Payable	—	—	—
Increase (Decrease) in Compensated Absences Payable	6,012	6	—
Increase in Other Liabilities	(3,104)	—	—
Net Cash Provided by (Used) in Operating Activities	\$ (2,064,874)	\$ 31,422	\$ 145,929
Noncash Investing, Capital, and Financing Activities:			
Acquisition of Capital Assets through Capital Leases	\$ 115,684	\$ —	\$ —
Donation of Capital Assets	115,962	—	—
Net Increase (Decrease) in Fair Value of Investments	5,060	—	—
Other Noncash Items	2,795	—	—

The notes to the financial statements are an integral part of this statement.

Nonmajor Fund		Governmental Activities -
Georgia Technology Authority	Total	Internal Service Funds
\$ 1,661	\$ (2,276,416)	\$ 71,958
11,134	283,360	14,424
—	0	(170)
(2,129)	5,601	(13,776)
(4,253)	(4,253)	(123,152)
(68)	(68)	—
(12)	(59)	—
757	(863)	(249)
—	(16,846)	(65)
—	760	—
—	530	—
(5,497)	6,749	(3,723)
655	655	(123)
0	142	14
—	100,891	—
—	0	(28)
62	11,690	(4,521)
—	0	(791)
(1,000)	(1,000)	(15,141)
(237)	5,781	(238)
—	(3,104)	—
\$ <u>1,073</u>	\$ <u>(1,886,450)</u>	\$ <u>(75,581)</u>

\$ 4,284	\$ 119,968	\$ —
—	115,962	21,646
—	5,060	(12,903)
—	2,795	—

# State of Georgia

## Statement of Fiduciary Net Assets Fiduciary Funds June 30, 2006 (expressed in thousands)

	Pension and Other Employee Benefits Trust	Investment Trust	Private Purpose Trust	Agency	Total
<b>Assets</b>					
Cash and Cash Equivalents	\$ 15,807	\$ 2,990,710	\$ 3,350	\$ 323,008	\$ 3,332,875
Receivables					
Interest and Dividends	339,198	65	—	—	339,263
Due from Brokers for Securities Sold	251,160	—	—	—	251,160
Other	172,286	—	—	4,964	177,250
Investments, at Fair Value					
Certificates of Deposit	—	—	—	2,658	2,658
Investment Accounts	524	—	—	—	524
Pooled Investments	15,043,177	1,445,651	873	126,897	16,616,598
Mutual Funds	1,210,773	—	—	—	1,210,773
Repurchase Agreements	919,228	—	—	—	919,228
U. S. Government Securities and Corporate Obligations	17,566,378	—	—	—	17,566,378
Stocks	28,984,487	—	—	—	28,984,487
Mortgage Investments	50,369	—	—	—	50,369
Real Estate Investment Trusts	1,221	—	—	—	1,221
Capital Assets					
Land	2,114	—	—	—	2,114
Buildings	7,510	—	—	—	7,510
Software	22,168	—	—	—	22,168
Machinery and Equipment	2,575	—	179	—	2,754
Accumulated Depreciation	(7,579)	—	(142)	—	(7,721)
Other Assets	1	—	—	3,179	3,180
<b>Total Assets</b>	<b>\$ 64,581,397</b>	<b>\$ 4,436,426</b>	<b>\$ 4,260</b>	<b>\$ 460,706</b>	<b>\$ 69,482,789</b>
<b>Liabilities</b>					
Accounts Payable and Other Accruals	\$ 12,261	\$ —	\$ 2	\$ 9,004	\$ 21,267
Due to Brokers for Securities Purchased	212,882	—	—	—	212,882
Salaries/Withholdings Payable	15,067	—	—	—	15,067
Funds Held for Others	—	—	—	455,201	455,201
Deferred Revenue	10	—	—	—	10
Compensated Absences Payable	50	—	131	—	181
Capital Leases Payable	3	—	—	—	3
Other Liabilities	—	—	—	(3,499)	(3,499)
<b>Total Liabilities</b>	<b>\$ 240,273</b>	<b>\$ 0</b>	<b>\$ 133</b>	<b>\$ 460,706</b>	<b>\$ 701,112</b>
<b>Net Assets</b>					
Held in Trust for:					
Pension Benefits	\$ 63,407,179	\$ —	\$ —	\$ —	\$ 63,407,179
Other Employee Benefits	933,945	—	—	—	933,945
Pool Participants	—	4,436,426	—	—	4,436,426
Other Purposes	—	—	4,127	—	4,127
<b>Total Net Assets</b>	<b>\$ 64,341,124</b>	<b>\$ 4,436,426</b>	<b>\$ 4,127</b>	<b>\$ 0</b>	<b>\$ 68,781,677</b>

The notes to the financial statements are an integral part of this statement.

# State of Georgia

## Statement of Changes in Fiduciary Net Assets Fiduciary Funds For the Fiscal Year Ended June 30, 2006 (expressed in thousands)

	Pension and Other Employee Benefits Trust	Investment Trust	Private Purpose Trust	Total
<b>Additions:</b>				
Contributions/Assessments				
Employer	\$ 1,135,173	\$ —	\$ —	\$ 1,135,173
Plan Members/Participants	626,741	—	124,814	751,555
Other Contributions				
Fines and Bond Forfeitures	19,983	—	—	19,983
Insurance Company Premium Taxes	21,034	—	—	21,034
Insurance Premiums	7,699	—	—	7,699
Other Fees	2,932	—	—	2,932
Interest and Other Investment Income				
Dividends and Interest	1,739,512	177,401	2,508	1,919,421
Net Appreciation (Depreciation) in Investments Reported at Fair Value	2,036,926	593	—	2,037,519
Less: Investment Expense	(62,250)	(1,270)	—	(63,520)
Pool Participant Deposits	—	7,205,584	—	7,205,584
Other				
Transfers from Other Funds	3,167	—	—	3,167
Miscellaneous	1,139	—	1	1,140
<b>Total Additions</b>	<b>\$ 5,532,056</b>	<b>\$ 7,382,308</b>	<b>\$ 127,323</b>	<b>\$ 13,041,687</b>
<b>Deductions:</b>				
General and Administrative Expenses	\$ 36,750	\$ —	\$ 2,570	\$ 39,320
Benefits	3,026,877	—	131,295	3,158,172
Pool Participant Withdrawals	—	6,677,315	—	6,677,315
Refunds	74,530	—	—	74,530
<b>Total Deductions</b>	<b>\$ 3,138,157</b>	<b>\$ 6,677,315</b>	<b>\$ 133,865</b>	<b>\$ 9,949,337</b>
Change in Net Assets Held in Trust for:				
Pension and Other Employee Benefits	\$ 2,393,899	\$ —	\$ —	\$ 2,393,899
Pool Participants	—	704,993	—	704,993
Other Purposes	—	—	(6,542)	(6,542)
<b>Net Assets, July 1 (Restated)</b>	<b>61,947,225</b>	<b>3,731,433</b>	<b>10,669</b>	<b>65,689,327</b>
<b>Net Assets, June 30</b>	<b>\$ 64,341,124</b>	<b>\$ 4,436,426</b>	<b>\$ 4,127</b>	<b>\$ 68,781,677</b>

The notes to the financial statements are an integral part of this statement.

# State of Georgia

## Combining Statement of Net Assets

### Component Units

For the Fiscal Year Ended June 30, 2006

(expressed in thousands)

	Georgia Environmental Facilities Authority	Georgia Housing and Finance Authority	Georgia Lottery Corporation
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 255,710	\$ 19,419	\$ 1,428
Investments	109,992	13,749	—
Receivables			
Accounts (Net)	8,928	—	103,194
Taxes	—	—	—
Interest and Dividends	10,993	781	—
Notes and Loans	—	—	—
Due from Primary Government	—	—	—
Due from Component Units	—	—	—
Intergovernmental Receivables	—	—	—
Inventories	—	—	—
Prepaid Items	—	—	838
Other Current Assets	—	13,746	—
Noncurrent Assets:			
Investments	162,242	84,332	—
Receivables (Net)			
Notes and Loans	—	207,407	—
Other	—	—	—
Due from Primary Government	—	—	—
Due from Component Units	—	—	—
Restricted Assets			
Cash and Cash Equivalents	7,781	46,274	1,020
Investments	—	87,724	196,990
Receivables			
Loans (Net)	833,276	530,433	—
Interest and Dividends	—	5,243	—
Other	—	—	—
Deferred Charges	—	13,703	—
Capital Assets:			
Land	—	800	—
Buildings and Building Improvements	—	3,865	2,606
Improvements Other Than Buildings	—	1,435	—
Machinery and Equipment	52	767	14,983
Software	—	—	1,131
Works of Art and Collections	—	—	—
Infrastructure	—	—	—
Construction in Progress	—	—	—
Accumulated Depreciation	(41)	(3,387)	(15,365)
Other Noncurrent Assets	53	—	—
Total Assets	\$ 1,388,986	\$ 1,026,291	\$ 306,825

The notes to the financial statements are an integral part of this statement.

Georgia Tech Foundation, Incorporated	State Road and Tollway Authority	Nonmajor Component Units	Total
\$ 21,778	\$ 10,655	\$ 529,654	\$ 838,644
—	17,321	217,570	358,632
6,554	33	229,067	347,776
—	—	298	298
—	—	4,141	15,915
1,319	—	179,769	181,088
—	—	2,071	2,071
—	—	3,162	3,162
—	—	6,433	6,433
—	80	14,764	14,844
—	—	8,758	9,596
—	—	55,331	69,077
1,111,949	—	1,047,591	2,406,114
—	—	6,658	214,065
189,009	—	302,233	491,242
—	—	7,875	7,875
—	—	77,787	77,787
—	35,556	235,813	326,444
—	121,130	37,518	443,362
—	—	—	1,363,709
—	—	—	5,243
—	—	122	122
—	3,506	—	17,209
2,553	10,416	254,428	268,197
38,051	4,938	1,278,562	1,328,022
—	2,498	272,370	276,303
7,000	4,766	530,978	558,546
—	685	—	1,816
—	—	201	201
—	—	184,005	184,005
—	—	202,430	202,430
(6,731)	(9,513)	(835,416)	(870,453)
19,110	31,410	34,712	85,285
\$ 1,390,592	\$ 233,481	\$ 4,888,885	\$ 9,235,060

(continued)

# State of Georgia

## Combining Statement of Net Assets Component Units (continued) June 30, 2006 (expressed in thousands)

	Georgia Environmental Facilities Authority	Georgia Housing and Finance Authority	Georgia Lottery Corporation
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable and Other Accruals	\$ 3,379	\$ 8,526	\$ 87,220
Due to Primary Government	—	2	19,079
Due to Component Units	—	—	—
Salaries/Withholdings Payable	—	—	—
Accrued Interest Payable	966	2,795	—
Contracts Payable	—	—	—
Funds Held for Others	—	—	—
Unearned Revenue	17,940	—	—
Compensated Absences Payable - Current	50	—	218
Capital Leases/Installment Purchases Payable - Current	—	—	—
Notes and Loans Payable - Current	—	—	—
Revenue Bonds Payable - Current	6,815	20,625	—
Grand Prizes Payable - Current	—	—	13,363
Other Current Liabilities	—	47,903	—
Current Liabilities Payable from Restricted Assets:			
Accrued Interest Payable	—	—	—
Deferred Revenue	—	—	—
Revenue Bonds Payable - Current	—	—	—
Other	—	—	526
Noncurrent Liabilities:			
Deferred Revenue	—	207,765	—
Compensated Absences Payable	198	—	1,745
Capital Leases/Installment Purchases Payable	—	—	—
Notes and Loans Payable	—	—	—
Revenue/Mortgage Bonds Payable	34,345	611,180	—
Grand Prizes Payable	—	—	185,922
Advances from Primary Government	—	—	—
Due to Component Units	—	—	—
Other Noncurrent Liabilities	—	—	597
Total Liabilities	\$ 63,693	\$ 898,796	\$ 308,670
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	\$ 11	\$ 3,480	\$ 3,355
Restricted for:			
Bond Covenants/Debt Service	26,163	—	—
Construction	—	—	—
Higher Education	—	—	—
Expendable	—	—	—
Nonexpendable	—	—	—
Loan and Grant Programs	28,627	—	—
Other Purposes	—	—	494
Unrestricted	1,270,492	124,015	(5,694)
Total Net Assets	\$ 1,325,293	\$ 127,495	\$ (1,845)

The notes to the financial statements are an integral part of this statement.



Georgia Tech Foundation, Incorporated	State Road and Tollway Authority	Nonmajor Component Units	Total
\$ 2,831	\$ 40,896	\$ 127,996	\$ 270,848
3,627	1	76,945	99,654
419	—	2,743	3,162
—	—	10,983	10,983
—	—	—	3,761
—	—	93	93
—	—	25,123	25,123
2,065	—	110,678	130,683
283	—	13,785	14,336
—	—	3,354	3,354
44,220	—	50,035	94,255
4,385	31,085	19,145	82,055
—	—	—	13,363
—	—	29,150	77,053
—	9,900	4,571	14,471
—	2,954	—	2,954
—	—	6,780	6,780
—	131	—	657
36,550	—	194,735	439,050
—	—	3,157	5,100
—	—	25,648	25,648
—	—	76,679	76,679
211,871	634,020	1,359,601	2,851,017
—	—	—	185,922
—	—	28,630	28,630
77,787	—	—	77,787
9,598	—	49,421	59,616
<u>\$ 393,636</u>	<u>\$ 718,987</u>	<u>\$ 2,219,252</u>	<u>\$ 4,603,034</u>
\$ 1,759	\$ 13,791	\$ 969,919	\$ 992,315
—	—	32,647	58,810
14,780	—	74	14,854
311,664	—	425,907	737,571
317,987	—	464,296	782,283
—	—	—	28,627
—	—	4,390	4,884
<u>350,766</u>	<u>(499,297)</u>	<u>772,400</u>	<u>2,012,682</u>
<u>\$ 996,956</u>	<u>\$ (485,506)</u>	<u>\$ 2,669,633</u>	<u>\$ 4,632,026</u>

# State of Georgia

## Combining Statement of Activities

### Component Units

For the Fiscal Year Ended June 30, 2006

(expressed in thousands)

	Georgia Environmental Facilities Authority	Georgia Housing and Finance Authority	Georgia Lottery Corporation
Expenses	\$ 29,605	\$ 79,871	\$ 2,967,284
Program Revenues:			
Sales and Charges for Services	\$ 37,906	\$ 43,044	\$ 2,960,246
Operating Grants and Contributions	47,916	32,454	—
Capital Grants and Contributions	101,488	—	—
Total Program Revenues	\$ 187,310	\$ 75,498	\$ 2,960,246
Net (Expenses) Revenue	\$ 157,705	\$ (4,373)	\$ (7,038)
General Revenues:			
Taxes	\$ —	\$ —	\$ —
Unrestricted Investment Income	527	5,821	(10,847)
Payments from the State of Georgia	—	—	—
Permanent Endowment Contributions	—	—	—
Other	241	—	—
Total General Revenues	\$ 768	\$ 5,821	\$ (10,847)
Change in Net Assets	\$ 158,473	\$ 1,448	\$ (17,885)
Net Assets, July 1	1,181,715	126,047	16,040
Change in Accounting Principle	(14,895)	—	—
Correction of Prior Year Errors	—	—	—
Capital Assets	—	—	—
Net Assets, June 30	\$ 1,325,293	\$ 127,495	\$ (1,845)

The notes to the financial statements are an integral part of this statement.

<u>Georgia Tech Foundation, Incorporated</u>	<u>State Road and Tollway Authority</u>	<u>Nonmajor Component Units</u>	<u>Total</u>
\$ <u>93,038</u>	\$ <u>227,466</u>	\$ <u>1,711,127</u>	\$ <u>5,108,391</u>
\$ 16,703	\$ 20,743	\$ 997,607	\$ 4,076,249
38,682	364	603,887	723,303
<u>—</u>	<u>—</u>	<u>36,150</u>	<u>137,638</u>
\$ <u>55,385</u>	\$ <u>21,107</u>	\$ <u>1,637,644</u>	\$ <u>4,937,190</u>
\$ <u>(37,653)</u>	\$ <u>(206,359)</u>	\$ <u>(73,483)</u>	\$ <u>(171,201)</u>
\$ —	\$ —	\$ 26,280	\$ 26,280
119,885	6,819	123,989	246,194
<u>—</u>	<u>53,999</u>	<u>104,036</u>	<u>158,035</u>
21,119	<u>—</u>	17,984	39,103
<u>—</u>	<u>49</u>	<u>17,497</u>	<u>17,787</u>
\$ <u>141,004</u>	\$ <u>60,867</u>	\$ <u>289,786</u>	\$ <u>487,399</u>
\$ 103,351	\$ (145,492)	\$ 216,303	\$ 316,198
893,605	(340,014)	2,407,739	4,285,132
<u>—</u>	<u>—</u>	<u>51,790</u>	<u>36,895</u>
<u>—</u>	<u>—</u>	<u>(6,199)</u>	<u>(6,199)</u>
\$ <u><u>996,956</u></u>	\$ <u><u>(485,506)</u></u>	\$ <u><u>2,669,633</u></u>	\$ <u><u>4,632,026</u></u>

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# State of Georgia

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# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 1. Summary of Significant Accounting Policies

#### A. Basis of Presentation

With the exception of the departures from generally accepted accounting principles (GAAP) disclosed in the following paragraphs, the financial statements of the State of Georgia have been prepared in conformity with GAAP as prescribed by the Governmental Accounting Standards Board (GASB). Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

#### B. Financial Reporting Entity

For financial reporting purposes, the State of Georgia reporting entity includes the primary government and its component units. The primary government consists of all the organizations that compose the legal entity of the State of Georgia. All agencies, departments, authorities, commissions, courts, councils, boards, universities, colleges, retirement funds, associations and other organizations that are not legally separate are, for financial reporting purposes, considered part of the primary government. Component units are legally separate organizations for which the State's elected officials are financially accountable.

Financial accountability is the ability of the State to appoint a voting majority of an organization's governing board and to impose its will upon the organization or when there exists the potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government. When the State does not appoint a voting majority of an organization's governing body, GASB standards require inclusion in the financial reporting entity if an organization is fiscally dependent upon the State, its resources are held for the direct benefit of the State or can be accessed by the State, or the relationship is such that it would be misleading to exclude it.

#### Blended Component Units

Blended component units provide services entirely or almost entirely to the primary government. As such, although they are legally separate entities, they are, in substance, part of the government's operations. GASB standards require this type of component unit to be reported as part of the primary government and blended into the appropriate funds. The State's blended component units are as follows:

#### *Special Revenue Funds*

Georgia Economic Development Foundation, Inc.  
Georgia Tourism Foundation

#### *Capital Projects Funds*

Georgia Building Authority (Hospital).  
Georgia Building Authority (Markets)  
Georgia Building Authority (Penal)  
Georgia Education Authority (University)

#### *Enterprise Funds*

Higher Education Fund  
Georgia Military College  
Georgia Technology Authority

#### *Internal Service Funds*

Georgia Building Authority  
Georgia Correctional Industries Administration

#### Discretely Presented Component Units

Discrete presentation entails reporting component unit financial data in a separate column and/or rows in each of the government-wide statements to emphasize that these component units are legally separate from the State. The State's discretely presented component units are as follows:

#### *Authorities and Similar Organizations*

Geo. L. Smith II Georgia World Congress Center Authority  
Georgia Agricultural Exposition Authority  
Georgia Agrirama Development Authority  
Georgia Development Authority  
Georgia Environmental Facilities Authority  
Georgia Golf Hall of Fame Authority  
Georgia Higher Education Assistance Corporation  
Georgia Highway Authority  
Georgia Housing and Finance Authority  
Georgia International and Maritime Trade Center Authority  
Georgia Lottery Corporation  
Georgia Music Hall of Fame Authority  
Georgia Ports Authority  
Georgia Public Telecommunications Commission  
Georgia Rail Passenger Authority  
Georgia Regional Transportation Authority  
Georgia Seed Development Commission  
Georgia Sports Hall of Fame Authority  
Georgia Student Finance Authority  
Jekyll Island State Park Authority  
Lake Lanier Islands Development Authority  
North Georgia Mountains Authority  
Oconee River Greenway Authority  
OneGeorgia Authority  
Regional Educational Service Agencies

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 1. Summary of Significant Accounting Policies (continued)

Sapelo Island Heritage Authority  
Southwest Georgia Railroad Excursion Authority  
State Road and Tollway Authority  
Stone Mountain Memorial Association  
Superior Court Clerks' Cooperative Authority

#### *Higher Education Foundations and Similar Organizations*

Georgia College and State University Foundation  
Georgia Southern University Housing Foundation,  
Incorporated  
Georgia State University Foundation  
Georgia Tech Athletic Association  
Georgia Tech Facilities, Incorporated  
Georgia Tech Foundation, Incorporated  
Georgia Tech Research Corporation  
Kennesaw State University Foundation, Incorporated  
Medical College of Georgia Foundation, Incorporated  
Medical College of Georgia Health, Incorporated  
Medical College of Georgia Physician's Practice Group  
Foundation  
University of Georgia Athletic Association, Incorporated  
University of Georgia Foundation  
University of Georgia Research Foundation, Incorporated

#### **Fiduciary Component Units**

GAAP requires fiduciary component units to be reported as fiduciary funds of the primary government rather than as discrete component units. In accordance with GAAP, fiduciary funds and component units that are fiduciary in nature are excluded from the government-wide financial statements. The State's fiduciary component units are as follows:

#### *Pension Trust Funds*

Employees' Retirement System of Georgia  
Georgia Military Pension Fund  
Legislative Retirement System  
Public School Employees Retirement System  
Teachers Retirement System of Georgia

The State's significant component units issue their own separate audited financial statements. The financial statements for fiduciary component units and authorities and similar organizations can be obtained from their respective administrative offices or from the Georgia Department of Audits and Accounts, 270 Washington Street, S.W., Suite 1-156, Atlanta, Georgia 30334. The financial statements for the higher education foundations and similar organizations can be obtained from their respective administrative offices or from the Board of Regents of the University System of Georgia, 270 Washington Street, S.W., Atlanta, Georgia 30334.

### C. Government-Wide and Fund Financial Statements

#### **Government-Wide Financial Statements**

The Statement of Net Assets and Statement of Activities display information about the primary government and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities, which normally are financed through taxes, intergovernmental revenues, and other non-exchange revenues are reported separately from business-type activities, which are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from its discretely presented component units.

The Statement of Net Assets presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenues.

#### **Fund Financial Statements**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds. Internal service funds are also aggregated and reported in a separate column on the proprietary funds financial statements.

### D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 1. Summary of Significant Accounting Policies (continued)

Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenues in the fiscal year in which eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the State generally considers taxes and other revenues to be available if the revenues are collected within 30 days after fiscal year end. An exception to this policy is federal grant revenues, which generally are considered to be available if collection is expected within 12 months after year end.

Expenditures generally are recorded when the related fund liability is incurred, as under the accrual basis of accounting.

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due or (for debt service expenditures) when amounts have been accumulated in the debt service fund for payments to be made early in the subsequent fiscal year.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition, such as investment earnings, are reported as nonoperating.

The State's proprietary funds follow all GASB pronouncements, and all Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

Generally accepted accounting principles require that revenues and expenses relating to summer school activities, the dates of which cross the State's fiscal year, are allocated between fiscal years rather than reported in a single fiscal

year. The Higher Education Fund (major enterprise fund) reports summer revenues and expenses in the year in which the predominate activity takes place.

The State reports the following major governmental funds:

The **General Fund** is the principal operating fund of the State. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Georgia State Financing and Investment Commission (Capital Projects Fund)** accounts for the construction of projects for state agencies financed through the issuance of public debt, including educational facilities for county and independent school systems.

The State reports the following major enterprise funds:

The **Higher Education Fund** accounts for the operations of State colleges and universities and State technical colleges.

The **State Employees' Health Benefit Plan** is a self-insured program of health benefits for the employees of units of government of the State of Georgia, units of county government and local education agencies located within the State of Georgia.

The **Unemployment Compensation Fund** accounts for the collection of employers' unemployment insurance tax and the payment of unemployment insurance benefits.

Additionally, the State reports the following fund types and nonmajor funds:

#### Governmental Fund Types:

**Special Revenue Funds** – These funds account for specific revenue sources that are legally restricted to expenditures for specific purposes. The State's special revenue funds represent the blended component units that conduct general governmental functions.

**Debt Service Fund** – This fund accounts for the payment of principal and interest on general long-term debt. The primary government debt service fund is the General Obligation Debt Sinking Fund. The Debt Sinking Fund is a legally mandated fund responsible for fulfilling annual debt service requirements on all general obligation debt.

**Capital Projects Funds** – These funds account for the acquisition or construction of capital facilities.



# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 1. Summary of Significant Accounting Policies (continued)

**Permanent Fund** – This fund is used to report resources of the Pupils Trust Fund at Georgia Academy for the Blind that are legally restricted to the extent that only earnings, and not principal, may be used for Academy student activities.

#### Proprietary Fund Types:

**Enterprise Fund** – This fund accounts for those activities for which the intent of management is to recover, primarily through user charges, the cost of providing goods or services to the general public or where sound financial management dictates that periodic determination of results of operations are appropriate.

**Internal Service Funds** – These funds account for the financing of goods or services provided by one department or agency to other State departments or agencies, or to other governmental entities, on a cost-reimbursement basis. The predominant participant in internal service fund activity is the primary government. The activities accounted for in the State's internal service funds include risk management, prison industries, property management, and personnel administration.

#### Fiduciary Fund Types:

**Pension and Other Employee Benefit Trust Funds** – These funds account for the retirement systems and plans administered by the Employees' Retirement System, for the Teachers Retirement System, and for pension plans administered on behalf of a variety of local government officials and employees.

**Investment Trust Funds** – These funds account for the external portions of government-sponsored investment pools, including Georgia Fund 1, Georgia Extended Asset Pool, and the Regents Investment Pool.

**Private Purpose Trust Funds** – These funds report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. Auctioneers and Real Estate Recovery Trust Funds, and the Subsequent Injury Trust Fund are reported in this category.

**Agency Funds** – These funds report assets and liabilities for deposits and investments entrusted to the State as an agent for other governmental units, other organizations, or

individuals. These funds include tax collections, child support recoveries, and correctional detainees' accounts.

#### Discretely Presented Component Units:

The combining component unit financial statements are presented in order to provide information on each of the major component units included in the component units' column of the government-wide statements. The component unit financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The information is presented in order to be consistent with the government-wide statements, and is less detailed than the presentation in each component unit's separately issued financial statements. The component units, other than certain higher education foundations and similar organizations, follow all GASB pronouncements, and all FASB pronouncements issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

Certain higher education foundations and similar organizations report under FASB standards; including FASB Statement No. 117, *Financial Reporting for Not-for Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to GASB presentation in these financial statements.

### E. Assets, Liabilities, and Net Assets/Fund Balances

#### Cash and Cash Equivalents

Cash and cash equivalents include currency on hand and demand deposits with banks and other financial institutions. Cash and cash equivalents also include short-term, highly liquid investments with maturity dates within three months of the date acquired.

#### Investments

Investments are defined as those financial instruments with terms in excess of three months from the date of purchase and certain other securities held for the production of revenue. Investments are presented at fair value. The State Depository Board may permit any department, board, bureau or other agency to invest funds collected directly by such organization in short term time deposit agreements, provided that the interest income of those funds is remitted to the Director of the Office of Treasury and Fiscal Services as revenues of the State of Georgia. As a matter of general practice, however, demand funds of any department, board, bureau or other agency in excess of current operating

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 1. Summary of Significant Accounting Policies (continued)

expenses are required to be deposited with the Director of the Office of Treasury and Fiscal Services for the purpose of pooled investment (OCGA 50-17-63). Such cash is managed in a pooled investment fund to maximize interest earnings. The pooled investment funds "Georgia Fund 1" and "Georgia Extended Asset Pool" are also available on a voluntary basis to organizations outside of the State reporting entity.

The Georgia Fund 1 or Primary Liquidity Portfolio's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal. Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and values participants' shares sold and redeemed at the pool's share price, \$1.00 per share. Investments are directed toward short-term instruments. At June 30, 2006, the weighted average maturity of the Fund was 28 days.

The Georgia Extended Asset Pool is part of the Extended Term Portfolio. The pool's primary objective is the prudent management of public funds on behalf of the State of Georgia and local governments seeking income higher than money market rates. Net Asset Value (NAV) is calculated daily to determine current share price. NAV is calculated by taking the closing fair value of securities owned plus other assets and subtracting liabilities. The remainder is then divided by the total number of shares outstanding to compute NAV per share (current share price). The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on the current share price, which at June 30, 2006, was \$1.97 per share. Investments consist generally of securities issued or guaranteed as to principal and interest by the U. S. Government or any of its agencies or instrumentalities, bankers' acceptances and repurchase agreements. The average investment duration at June 30, 2006, was 0.99 years.

Units of the University System of Georgia and their affiliated organizations may participate in the Regents Investment Pool. The fair value of the investments is determined daily. The pool does not issue shares. Each participant is allocated a pro rata share of each investment at fair value along with a pro rata share of the interest it earns. The Regents Investment Pool maintains an assortment of funds which invest in diverse holdings with varying investment objectives.

The State's Unemployment Compensation Fund monies are required by the Social Security Act to be invested in the U. S. Department of Treasury, Bureau of Public Debt Unemployment Trust Fund (BPDUTF), which is not registered with the SEC. The fair value of the position in the BPDUTF is the same as the value of the BPDUTF shares.

The Commissioner of the Department of Agriculture is directed by statute to require dealers in certain agricultural products and livestock to make and deliver to the Department a surety or cash bond to secure the faithful accounting for and payment to producers of the proceeds of agricultural products or livestock handled or sold by the dealer. Cash bonds are required to designate the Department as trustee of the funds and may take the form of certificates of deposit, letters of credit, money orders or cashiers' checks. At June 30, 2006, the Department held surety bonds in the amount of \$37.396 million, and cash bonds in the amount of \$14.563 million. These bonds are not recorded on the Balance Sheet.

Securities are held pursuant to statutes that require licensed insurance companies to deposit securities with the Department of Insurance prior to issuance of a certificate of authority to transact insurance by the Commissioner of Insurance. These securities remain in the name of the licensed insurance company as long as the company has a pending claim in the State of Georgia or until a proper order of a court of competent jurisdiction has been issued to the receiver, conservator, rehabilitator, or liquidator of the insurer or to any other properly designated official or officials who succeed to the management and control of the insurer's assets. The purchase and redemption of such securities are allowed as long as the required levels of deposits are maintained. At June 30, 2006 securities valued at \$225.618 million were held by the Department of Insurance. These securities are not recorded on the Balance Sheet.

For any organization that elects to assume the liability for unemployment compensation payments in lieu of making contributions to the Unemployment Compensation Fund, the Commissioner of the Department of Labor is authorized by statute to require such organization to execute and file with the Commissioner a cash deposit or surety bond. Cash deposits are held on behalf of such organizations in the Department's name, and are reported as agency funds. At June 30, 2006, the Department held surety bonds in the amount of \$65.789 million. These bonds are not recorded on the Statement of Net Assets.

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 1. Summary of Significant Accounting Policies (continued)

#### Receivables

Receivables in the State's governmental funds pertain primarily to Federal revenues and revenues applicable to charges for services. Receivables in all other funds have arisen in the ordinary course of business. Receivables are recorded when either the asset or revenue recognition criteria (See Note 1-D) have been met. Estimates of allowances for uncollectible receivables have not been made for the majority of receivables included within the financial statements. Receivables from the Federal government are reasonably assured; accordingly, no allowance for uncollectible accounts has been established.

#### Inventories

Inventories of supplies and materials are determined by physical count and/or perpetual inventory records and are valued at cost, weighted average cost, moving average cost, or lower of weighted average cost or market, using the first-in/first-out (FIFO) method, depending on the individual organization's preference. The costs of governmental fund inventories are recorded as expenditures when consumed rather than when purchased for larger agencies and agencies with material inventories. Other agencies may use either the purchase or consumption method.

Under the purchase method, a portion of the fund balance is reserved for inventories to indicate that it is not available for appropriation. Organizations using the consumption method normally reserve a portion of fund balance equal to the average monthly inventories on hand for the fiscal year.

#### Prepaid Items

Prepaid items include payments made to vendors and local government organizations for services that will benefit periods beyond June 30, 2006. Also, the employer's portion of health insurance benefits applicable to coverage effective after June 30, 2006, is recorded as a prepaid item.

#### Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Assets because their use is limited by applicable bond covenants.

#### Capital Assets

Capital assets of governmental funds are recorded as expenditures at the time of purchase and capitalized in the governmental activities column of the government-wide

Statement of Net Assets. Capital assets of the State's proprietary funds and component units are capitalized in the fund in which they are utilized. Capital assets are stated at historical cost or, in some instances, estimated historical cost. Donated capital assets are stated at fair market value at the time of donation. All land and non-depreciable land improvements are capitalized regardless of cost. Buildings and Improvements Other Than Buildings are capitalized when the cost or value exceeds \$100 thousand. Machinery and Equipment is capitalized when costs or value exceeds \$5 thousand. The State's bridges and roadways included in the state highway system are capitalized regardless of cost. All other infrastructure assets are capitalized when project costs exceed \$1 million. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized. The State holds certain assets such as works of art, historical documents, and artifacts that have not been capitalized or depreciated because the collections are protected and preserved for exhibition, education, or research and are considered to have inexhaustible useful lives.

Major outlays for construction of bridges and roadways in the state highway system are capitalized as projects are constructed. All other major construction projects are capitalized when projects are completed. Interest incurred during construction is not capitalized in governmental funds. Interest incurred during the construction of proprietary fund assets is included in the capitalized value of the asset.

All depreciable capital assets are depreciated on the straight-line basis over the following useful lives:

Infrastructure	10-100 years
Buildings and Building Improvements	5-60 years
Improvements Other Than Buildings	15-50 years
Machinery and Equipment	3-20 years
Software	3-10 years
Library Collections	10 years

#### Compensated Absences

Employees earn annual leave ranging from ten to fourteen hours each month depending upon the employee's length of continuous State service with a maximum accumulation of forty-five days. Employees are paid for unused accumulated annual leave upon retirement or termination of employment. Funds are provided in the appropriation of funds each fiscal year to cover the cost of annual leave of terminated employees. The State's obligation for accumulated unpaid annual leave is reported as a liability in the government-wide and proprietary fund financial statements.

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 1. Summary of Significant Accounting Policies (continued)

Employees earn ten hours of sick leave each month with a maximum accumulation of ninety days. Sick leave does not vest with the employee. Unused accumulated sick leave is forfeited upon retirement or termination of employment. However, certain employees who retire with one hundred and twenty days or more of forfeited annual and sick leave are entitled to additional service credit in the Employees' Retirement System of Georgia. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

#### Unearned/Deferred Revenue

In the government-wide statements, proprietary fund statements, and fiduciary fund statements, unearned revenue is recorded when cash or other assets are received prior to being earned. In the governmental fund statements, deferred revenue is recorded when revenue is either unearned or unavailable.

#### Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities column or business-type activities column on the government-wide statement of net assets and on the proprietary fund statement of net assets in the fund financial statements. Bond discounts, premiums and issuance costs are deferred and amortized over the life of the bonds using a method that approximates the effective interest method or the straight-line method. Bonds payable are reported net of the unamortized bond premium or discount and, when applicable, the deferred amount on refunding. Bond issuance costs are reported as deferred charges (assets) and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### Net Assets

Net assets are reported as invested in capital assets, net of related debt, restricted or unrestricted. "Invested in capital assets, net of related debt" consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation. The governmental activities column on the government-wide statement of net assets reports \$2.164 billion of restricted net assets, of which \$2.104 billion is restricted by enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often are designated, indicating they are not available for general operations. Such designations have internally imposed constraints on resources, but can be removed or modified.

#### Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally segregated by outside parties for use for a specific purpose. Designations of fund balance represent tentative plans for future use of financial resources. Unreserved, undesignated fund balance is the amount of fund balance remaining from operations of the current and prior years, net of amounts established as reserved and designated.

### F. Revenues

Federal grants include nonmonetary transactions for food and vaccine commodities. Commodities revenue and expenditures are recorded at their federally reported value. Commodity inventories of \$3.209 million are reported on the Balance Sheet – Governmental Funds. For the fiscal year ended June 30, 2006, revenues of \$48.154 million and expenditures of \$47.758 million relating to commodities are reported in the General Fund.

### G. Interfund Activity and Balances

Equally offsetting asset and liability accounts (due from/to other funds) are used to account for amounts owed to a particular fund by another fund for short-term obligations on goods sold or services rendered.

Noncurrent portions of long-term interfund loans receivable are reported as advances and are offset equally by a fund balance reserve account that indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

# State of Georgia

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## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 1. Summary of Significant Accounting Policies (continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements with the exception of activities between governmental activities and business-type activities. In the fund financial statements, transfers represent flows of assets without equivalent flows of assets in return or a requirement for repayment. In addition, transfers are recorded when a fund receiving revenue provides it to the fund which expends the resources. Transfers and balances between funds are made to accomplish various provisions of law.

Interfund payables and receivables have been eliminated from the statement of net assets except for amounts due between governmental and business-type activities. These amounts are reported as internal balances on the statement of net assets.

#### H. Fiscal Reporting Periods

The fiscal year end for the primary government and component units is June 30, except for the Stone Mountain Memorial Association (component unit), which has a fiscal year end of December 31.

### Note 2: Budgetary Control and Legal Compliance

#### Budgetary Process

Article III of the State Constitution provides, "The General Assembly shall not appropriate [State] funds for any given fiscal year which, in aggregate, exceed a sum equal to the amount of unappropriated surplus expected to have accrued in the state treasury at the beginning of the fiscal year together with an amount not greater than the total treasury receipts from existing revenue sources anticipated to be collected in the fiscal year, less refunds, as estimated in the budget report and amendments thereto." Compliance with this requirement is demonstrated in the Governor's budget report and the Appropriation Acts for each fiscal year. Expenditures of State funds may not exceed the amount appropriated as provided by the Constitution. Total State funds expenditures did not exceed appropriated amounts.

To the extent that federal funds received by the State are changed by federal authority or exceed the amounts appropriated by the original or supplementary appropriations acts, such excess, changed or unanticipated funds are "continually appropriated;" that is, they are amended in to departmental budgets when such events are known. Similarly, revenues generated by departments that may be retained for departmental operations ("other funds") are amended in as such funds are collected or anticipated.

The annual budget of the State of Georgia is prepared on the modified accrual basis utilizing encumbrance accounting with the following exceptions: federal and certain other revenues are accrued based on the unexecuted portion of long-term contracts; and intrafund transactions are disclosed as revenues and expenditures. Under encumbrance accounting, encumbrances are used to indicate the intent to purchase goods or services. Liabilities and expenditures are recorded upon issuance of completed purchase orders. Goods or services need not have been received for liabilities and expenditures to be recorded.

The budget represents departmental appropriations recommended by the Governor and adopted by the General Assembly prior to the beginning of the fiscal year. Annual appropriated budgets are adopted at the departmental (budget unit) level by program and funding source. All unencumbered annual appropriations lapse at fiscal year end unless otherwise specified by constitutional or statutory provisions. Supplementary and amended appropriations may be enacted during the next legislative session by the same process used for original appropriations.

Budgets adopted in previous fiscal years were appropriated by budget unit (department) and object class of expenditure. The adoption of the appropriated budget for fiscal year 2006 represented a change in compliance requirements. Beginning with the fiscal year 2006 budget, appropriations were identified by program and funding source (State, federal, and other).

#### Budgetary Compliance Exceptions

At the department level, expenditures did not exceed appropriations of State funds. However, due to the change in budgetary focus, budget units were, as a general rule, unable to consistently demonstrate budgetary compliance at the "funding source within program" level as prescribed by the 2006 Appropriations Act

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 3. Accounting Changes

#### Financial Reporting Entity

In fiscal year 2006, several changes were made in the presentation of organizations within the financial reporting framework. A portion of the operations of the Department of Administrative Services previously reported as internal service fund activities was determined to be more appropriately reported within the State's general fund. The beginning fund balance of the general fund has been increased by \$5.177 million, and the beginning net assets of the internal service funds have been decreased by \$5.554 million. This change had no impact on beginning net assets of governmental activities.

Operations and balances relating to the Georgia Economic Development Foundation, Inc., a blended component unit not previously included in the financial reporting entity, were reported as a special revenue fund beginning in fiscal year 2006. The addition of this organization resulted in an increase in the beginning fund balance of the nonmajor governmental funds of \$463 thousand.

The State Employees' Assurance Department, previously reported as a risk management fund (internal service funds), is now reported as a pension and other employee benefit trust fund. This fund is used to account for the accumulation of resources for the purpose of providing survivors' benefits (life insurance) for eligible members of the Employees' Retirement System. As a result of this realignment, beginning net assets of the internal service funds have been decreased by \$894.601 million, with an equal increase to the beginning net assets of the pension and other employee benefit trust (fiduciary) funds.

Effective July 1, 2005, the Employees' Retirement System assumed legal responsibility for administering the Deferred Compensation Plans (401(k), 403(b) and 457) for the State. Previously, the State had limited practical involvement in administering the plans. The beginning net assets of the pension and other employee benefit trust (fiduciary) funds have been increased by \$759.566 million for this addition to the financial reporting entity.

In fiscal year 2006, it was determined that an additional higher education foundation (discretely presented

component units) met the requirements for inclusion in the financial reporting entity. The addition of this organization resulted in an increase in the beginning net assets of the component units of \$51.790 million.

The tables on page 57 summarize the changes in fund equities as previously reported for the funds and activities at June 30, 2005, including correction of prior year errors as indicated

#### Other Reporting Changes

In fiscal year 2006, it was determined that certain items previously reported as reservations of fund balance in the general fund did not meet the criteria for such reservation. Tobacco Settlement Funds (prior year reserve amount: \$174.789 million) are not legally restricted funds; as such, they are more properly reported as a fund balance designation. Similarly, the Revenue Shortfall Reserve (prior year reserve amounts: \$158.140 million which may be appropriated for education; \$256.665 million other), although established by statute, is not legally restricted to spending for purposes narrower than the fund in which it is reported (general fund). These amounts were determined to be more appropriately reported as designations of fund balance in the fund financial statements.

#### Recently Issued Pronouncements

GASB Statement 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, was implemented for fiscal year 2006. There is no financial impact relating to the implementation of this standard.

GASB Statement 44, *Economic Condition Reporting: The Statistical Section*, was also implemented for fiscal year 2006. The requirements of this Statement were applied to the statistical information presented in this report. There is no financial impact relating to the implementation of this standard.

GASB Statement 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (OPEB), establishes uniform reporting standards for OPEB plans. The requirements of this statement are effective for the State's fiscal year 2007 financial statements (see also Note 16).

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 3. Accounting Changes (continued)

	June 30, 2005 As Previously Reported	Adjustments	June 30, 2005 (Restated)
<b>Governmental Funds and Activities</b>			
Major Funds:			
General Fund (Correction of Prior Year Errors)	\$ 3,766,252	\$ 37,112	\$ 3,803,364
Georgia State Financing and Investment Commission	796,017	—	796,017
Nonmajor Funds:			
Special Revenue Funds (Addition to Reporting Entity)	0	463	463
Debt Service Fund	0	—	0
Capital Projects Funds	9,075	—	9,075
Permanent Fund	14	—	14
Total Governmental Funds	\$ 4,571,358	\$ 37,575	\$ 4,608,933
Capital Assets, net of depreciation (Correction of Prior Year Errors)	15,285,442	(111,520)	15,173,922
Other Noncurrent Assets (Correction of Prior Year Errors)	41,050	(34,371)	6,679
Long-Term Liabilities (Correction of Prior Year Errors)	(6,521,278)	2,437	(6,518,841)
Other Liabilities	(113,474)	—	(113,474)
Inclusion of Internal Service Funds in Governmental Activities	1,233,354	(900,155)	333,199
<b>Total Governmental Funds and Activities</b>	<b>\$ 14,496,452</b>	<b>\$ (1,006,034)</b>	<b>\$ 13,490,418</b>
<b>Proprietary Funds and Business-Type Activities</b>			
Major Funds:			
Higher Education Fund	\$ 4,788,201	\$ —	\$ 4,788,201
State Employees' Health Benefit Plan	103,750	—	103,750
Unemployment Compensation Fund	1,244,475	—	1,244,475
Nonmajor Funds:			
Enterprise Fund	128,321	—	128,321
Internal Service Funds	1,149,029		248,874
Reclassification of Other Employee Benefit Fund (State Employees' Assurance Department)		(894,601)	
Correction of Prior Year Errors		(5,554)	
Internal Service Funds Look-Back Adjustments			
Removal of Internal Service Funds Relating to Governmental Activities	(1,233,354)	900,155	(333,199)
<b>Total Proprietary Funds and Business-Type Activities</b>	<b>\$ 6,180,422</b>	<b>\$ 0</b>	<b>\$ 6,180,422</b>
<b>Fiduciary Funds</b>			
Pension and Other Employee Benefit Trust Funds	\$ 60,293,058		\$ 61,947,225
Addition to Reporting Entity (Deferred Compensation Plans)		\$ 759,566	
Reclassification of Other Employee Benefit Fund (State Employees' Assurance Department)		894,601	
Investment Trust Funds	3,731,433	—	3,731,433
Private Purpose Trust Funds	10,669	—	10,669
<b>Total Fiduciary Funds</b>	<b>\$ 64,035,160</b>	<b>\$ 1,654,167</b>	<b>\$ 65,689,327</b>
<b>Discretely Presented Component Units</b>			
Addition to Reporting Entity (Medical College of Georgia Physician's Practice Group Foundation)	\$ 4,285,132	\$ 51,790	\$ 4,285,132
Change in Accounting Principle/Correction of Prior Year Errors		(21,094)	(21,094)
<b>Total Discretely Presented Component Units</b>	<b>\$ 4,285,132</b>	<b>\$ 30,696</b>	<b>\$ 4,315,828</b>

# State of Georgia

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## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 4. Deposits and Investments

#### A. Deposits

Deposits include bank accounts and short-term investments, especially certificates of deposit. Funds belonging to the State of Georgia cannot be placed in a depository paying interest longer than ten days without the depository providing a surety bond to the State. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in OCGA 50-17-59:

- 1) Bonds, bills, notes, certificates of indebtedness, or other direct obligations of the United States or of the State of Georgia.
- 2) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia.
- 3) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.
- 4) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.
- 5) Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest and debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association and the Federal National Mortgage Association.

- 6) Guarantee or insurance of accounts provided by the Federal Deposit Insurance Corporation.

As authorized in OCGA 50-17-53, the State Depository Board has adopted policies that allow agencies of the State of Georgia the option of exempting demand deposits from the collateral requirements.

#### *Custodial Credit Risk – Deposits*

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the State's deposits may not be recovered.

#### **Primary Government**

At year-end, the carrying amounts of the State's deposits were \$1.449 billion, and the bank balances were \$1.955 billion. Of these bank balances, \$59.019 million were insured, \$215.589 million were collateralized with securities held by the pledging financial institutions, \$1.196 billion were collateralized with securities held by pledging institutions' trust departments or agents, but not in the State's name and \$484.123 million were uncollateralized.

#### **Component Units**

At year-end the carrying amounts of the component units' deposits were \$394.204 million and the bank balances were \$389.998 million. Of these bank balances, \$14.329 million were insured, \$137.606 million were collateralized with securities held by the pledging financial institutions, \$8.128 million were collateralized with securities held by pledging institutions' trust departments or agents, but not in the State's name and \$229.935 million were uncollateralized.

The carrying amounts of the deposits of certain higher education foundations which utilize FASB standards were \$359.697 million. These deposits are not included in the balances reflected above.



# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 4. Deposits and Investments (continued)

#### B. Investments

##### Primary Government (Other than Pension Trust Funds)

The investment policy of the State of Georgia is to maximize the protection of State funds on deposit while accruing an advantageous yield on those funds in excess of those required for current operating expenses (Official Code of Georgia Annotated [OCGA] 50-17-51).

Authorized pool investments are limited to the following in accordance with State statutes:

- 1) Obligations of the State of Georgia or of other states;
- 2) Obligations issued by the United States government;
- 3) Obligations fully insured or guaranteed by the United States government or a United States government agency;
- 4) Obligations of any corporation of the United States government;
- 5) Prime banker's acceptances;
- 6) Repurchase Agreements;
- 7) Obligations of other political subdivisions of the State; and
- 8) Commercial paper issued by domestic corporations.

Authorized investments are subject to certain restrictions.

Pooled cash and cash equivalents and investments are grouped into portfolios for investment purposes according to the operating needs of the State of Georgia and other pool contributors.

##### Pension Trust Funds

In accordance with Official Code of Georgia Annotated Public Retirement System Investment Authority Law, Public Retirement Systems may invest in the following:

- 1) United States or Canadian corporations or their obligations with limits as to the corporations' size and credit rating.
- 2) Repurchase and reverse repurchase agreements for direct obligations of the United States government and for obligations unconditionally guaranteed by agencies.
- 3) FDIC insured cash assets or deposits.
- 4) Bonds, notes, warrants, loans or other debt issued or guaranteed by the United State government.

- 5) Taxable bonds, notes warrants or other securities issued and guaranteed by any state, the District of Columbia, Canada or any province in Canada.
- 6) Bonds, debentures or other securities issued or insured or guaranteed by an agency, authority, unit, or corporate body created by the government of the United States of America.
- 7) Investment grade collateralized mortgage obligations.
- 8) Obligations issued, assumed or guaranteed by the International Bank for Reconstruction and Development or the International Financial Corporation.
- 9) Bonds, debentures, notes and other evidence of indebtedness issued, assumed, or guaranteed by any solvent institution existing under the laws of the United States of America or of Canada, or any state or province thereof, which are not in default and are secured to a certain level.
- 10) Secured and unsecured obligations issued by any solvent institution existing under the laws of the United States of America or of Canada, or any state or province thereof, bearing interest at a fixed rate, with mandatory principal and interest due at a specified time with additional limits.
- 11) Equipment trust obligations or interests in transportation equipment, wholly or in part within the United States of America, and the right to receive determinated portions or related income.
- 12) Loans that are secured by pledge or securities eligible for investment.
- 13) Purchase money mortgages or like securities received upon the sale or exchange of real property acquired.
- 14) Secured mortgages or mortgage participation, pass-through, conventional pass-through, trust certificate, or other similar securities with restrictions.
- 15) Land and buildings on such land used or acquired for use as a fund's office for the convenient transaction of its own business with restrictions.
- 16) Real property and equipment acquired under various circumstances.

In addition, large retirement systems have restrictions as to the concentration of investments in corporations and equities and additional stipulations exist related to decreases in a fund's asset value.

##### Component Units

Component units follow applicable investing criteria described above for the primary government.

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 4. Deposits and Investments (continued)

Certain higher education foundations utilize FASB standards; therefore, only the June 30, 2006, balances are available as follows (in thousands):

	Fair Value
Banker's Acceptances/Repurchase Agreements	\$ 24,528
Cash Held by Investment Organization	16,812
Corporate Bonds	39,080
Diversifying Strategies	275,270
Equity Securities	518,905
Government and Agency Securities	43,882
Long-Term Investment Pool	447,849
Money Market Accounts	4,196
Mutual Funds	287,952
Joint Ventures/Partnerships	585
Real Estate	197,277
Split-Interest Investments	15,028
Venture Capital	212,040
Total Investments of FASB Organizations	\$ 2,083,404

The component unit disclosures below do not include these balances.

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment.

#### Primary Government (Other than Pension Trust Funds)

The State manages interest rate risk by attempting to match investments with expected cash requirements. Certificates of deposit may not have a term exceeding five years. The Director of OTFS may establish duration or maturity limitations for other investments. The following table provides information about the State's exposure to interest rate risk (in thousands).

	Total Fair Value	Maturity Period				
		Less than 3 Months	4 - 12 Months	1 - 5 Years	6 - 10 Years	More than 10 Years
Asset-backed Securities	\$ 35,518	\$ —	\$ 13,771	\$ 14,209	\$ 7,538	
Banker's Acceptances	103,699	93,773	9,926			
Commercial Paper	2,337		2,337			
Corporate Debt						
Domestic	90,573	—	1,623	62,871	17,521	8,558
International	7,011	—	—	7,011	—	—
Mortgage-backed Securities						
Commercial	60,922	—	—	4,830	1,166	54,926
Municipal Bonds	1,062	—	5	144	122	791
Mutual Funds - Debt	42,732	—	18	42,480	234	—
Repurchase Agreements	5,248,233	4,190,047	1,057,364	822	—	—
U. S. Agency Obligations	4,235,702	1,396,369	1,559,916	1,099,309	79,648	100,460
U. S. Treasury Obligations	1,388,843	17,300	90,478	1,265,724	13,411	1,930
Total Debt Securities	\$ 11,216,632	\$ 5,697,489	\$ 2,721,667	\$ 2,496,962	\$ 126,311	\$ 174,203
Cash Surrender Value	8					
Equity Securities - Domestic	64,413					
Funds on Deposit with U. S. Treasury for Unemployment Compensation	1,329,717					
Mutual Funds - Equity	84,875					
Real Estate	242					
Real Estate Investment Fund	7,349					
Total Investments	\$ 12,703,236					

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 4. Deposits and Investments (continued)

**Pension Trust Funds Administered by Other than the Employees' and Teachers' Retirement Systems**  
The Public Retirement System Investment Authority Law does not address specific policies for managing interest rate risk.

The following table provides information about interest rate risks associated with these pension trust funds' investments (in thousands).

	Total Fair Value	Maturity Period				
		Less than 3 Months	4 - 12 Months	1 - 5 Years	6 - 10 Years	More than 10 Years
Asset-backed Securities						
Domestic	\$ 18,605	\$ —	\$ 6	\$ 9,041	\$ 6,416	\$ 3,142
International	172	—	—	—	—	172
Corporate Debt						
Domestic	98,393	502	4,378	25,321	25,808	42,384
International	8,206	—	—	219	2,191	5,796
Foreign Government Bonds	104	—	—	—	—	104
Mortgage-backed Securities						
Commercial	50,369	—	—	1,027	271	49,071
Municipal Bonds	2,078	—	—	405	782	891
Mutual Funds - Debt	75	—	—	—	—	75
Repurchase Agreements	250	—	—	—	250	—
U. S. Agency Obligations	129,884	479	396	19,569	16,422	93,018
U. S. Treasury Obligations	55,237	—	980	23,181	18,622	12,454
Total Debt Securities	\$ 363,373	\$ 981	\$ 5,760	\$ 78,763	\$ 70,762	\$ 207,107
Equity Securities						
Domestic	414,759					
International	19,432					
Mutual Funds - Equity	367,175					
Real Estate Investment Trust	1,220					
Short-term Investment Funds	564					
Total Investments	\$ 1,166,523					

### Pension Trust Funds Administered by the Employees' and Teachers' Retirement Systems

The Boards of the Employees' and Teachers' Retirement systems have elected to manage interest rate risk of these pension trust funds using the effective duration method. This method is widely used in the management of fixed income portfolios and quantifies to a much greater degree the sensitivity to interest rate changes when analyzing a bond portfolio with call options, prepayment provisions, and any other cash flows. Effective duration makes assumptions regarding the most likely timing and amounts of variable cash flows and is best utilized to gauge the effect of a change in interest rates on the fair value of a portfolio. It is believed that the reporting of effective duration found in the table below quantifies to the fullest extent possible the interest rate risk of the funds' fixed income assets (in thousands).

	Total Fair Value	Effective Duration (Years)
Corporate Bonds	\$ 3,391,584	5.1
Repurchase Agreements	1,026,902	0.0
U. S. Agency Obligations	3,741,754	4.2
U. S. Treasury Obligations	15,695,374	5.3
Total Debt Securities	\$ 23,855,614	
Common Stock	37,907,097	
Mutual Funds - Equity	843,522	
Total Investments	\$ 62,606,233	

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 4. Deposits and Investments (continued)

#### Component Units

The component units follow the applicable investing criteria described above for the primary government.

The component units' exposure to interest rate risk is presented below (in thousands):

	Total Fair Value	Maturity Period				
		Less than 3 Months	4 - 12 Months	1 - 5 Years	6 - 10 Years	More than 10 Years
Corporate Debt - Domestic	\$ 46,121	\$ 125	\$ 15,151	\$ 27,772	\$ 2,284	\$ 789
Corporate Debt - International	3,024	—	179	730	570	1,545
Investment Agreements	77,558	—	—	13,875	—	63,683
Mortgage-backed Securities						
Commercial	51,851	—	—	11,501	2,501	37,849
Municipal Bonds	6,801	6,260	—	—	541	—
Mutual Funds - Debt	611	—	611	—	—	—
Repurchase Agreements	96,665	—	96,665	—	—	—
U. S. Agency Obligations	115,567	34,391	13,013	54,858	4,022	9,283
U. S. Treasury Obligations	256,269	23,946	43,532	92,716	68,779	27,296
<b>Total Debt Securities</b>	<b>\$ 654,467</b>	<b>\$ 64,722</b>	<b>\$ 169,151</b>	<b>\$ 201,452</b>	<b>\$ 78,697</b>	<b>\$ 140,445</b>
Equity Securities						
Domestic	25,846					
International	1,286					
Futures and Hedge Funds	833					
Joint Venture	884					
Mutual Funds - Equity						
Domestic	8,239					
International	1,468					
<b>Total Investments</b>	<b>\$ 693,023</b>					

#### Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

#### Primary Government (Other than Pension Trust Funds)

The State's investment policies include the following investing restrictions to manage credit quality risk:

- 1) Repurchase agreements and reverse repurchase agreements may be transacted only with authorized dealers and banks of a certain size with other restrictions requiring approval of the Director of OTFS.
- 2) Commercial paper issued by domestic corporations carrying ratings no lower than P-1 by Moody's

Investors Service and A-1 by Standard & Poor's Corporation.

- 3) Prime bankers acceptances must carry the highest rating assigned to such investments by a nationally recognized rating agency.
- 4) Obligations issued by this State or its agencies or other political subdivisions of this State, if meeting statutory requirements, may be approved for investment by the Director of OTFS.
- 5) Obligations of domestic corporations must be rated investment grade or higher by a nationally recognized rating agency.

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 4. Deposits and Investments (continued)

- 6) Direct obligations of the government of any foreign country and obligations issued, assumed or guaranteed by the International Bank for Reconstruction and Development or the International Financial Corporation must be rated A or higher by a nationally recognized rating agency.
- 7) Such other limitations as determined by the Director of

OTFS necessary for the preservation of principal, liquidity, or marketability of any of the State's portfolios.

The exposure of the primary government's debt securities to credit quality risk is indicated below (in thousands):

	Total Fair Value	AAA	AA	A	BAAA	BAA	BA	Not Rated
Asset-backed Securities	\$ 35,518	\$ 35,518	\$ —	\$ —	\$ —	\$ —	\$ —	—
Banker's Acceptances	103,699	—	—	—	—	—	—	103,699
Commercial Paper	2,337	—	—	—	—	—	—	2,337
Corporate Debt								
Domestic	90,573	8,296	17,132	61,419	689	2,870	156	11
International	7,011	—	—	2,011	—	—	—	5,000
Mortgage-backed Securities								
Commercial	60,922	57,589	—	1,824	—	—	—	1,509
Municipal Bonds	1,062	1,062	—	—	—	—	—	—
Mutual Funds - Debt	42,732	11,748	408	—	—	—	—	30,576
Repurchase Agreements	5,188,764	3,198,828	—	—	—	—	—	1,989,936
U. S. Agency Obligations	4,222,688	1,296,708	458	2,848,309	—	—	—	77,213
<b>Total Credit Risk Investments</b>	<b>\$ 9,755,306</b>	<b>\$ 4,609,749</b>	<b>\$ 17,998</b>	<b>\$ 2,913,563</b>	<b>\$ 689</b>	<b>\$ 2,870</b>	<b>\$ 156</b>	<b>\$ 2,210,281</b>

#### Pension Trust Funds

The credit quality risk of pension trust funds is managed by restricting investments to those authorized by the Public Retirement System Investment Authority Law described

above and in Note 1. The Boards of individual funds may elect to implement more restrictive policies. The pension trust funds' debt securities exposure to credit quality risk is indicated below (in thousands):

	Total Fair Value	AAA	AA	A	BAA	BBB	BB	Not Rated
Asset-backed Securities								
Domestic	\$ 18,605	\$ 14,580	\$ 527	\$ 6	\$ 1,003	\$ 1,990	\$ —	\$ 499
International	172	—	—	172	—	—	—	—
Corporate Debt								
Domestic	3,489,977	3,043,721	360,900	37,965	6,742	37,815	1,023	1,811
International	8,206	—	607	3,093	792	3,076	—	638
Foreign Government Bonds	104	—	—	—	—	104	—	—
Mortgage-backed Securities	50,369	35,882	—	—	2,124	11,587	—	776
Municipal Bonds	2,078	1,188	136	35	319	400	—	—
Mutual Funds - Debt	75	—	75	—	—	—	—	—
Repurchase Agreements	1,027,152	—	—	1,026,902	—	—	—	250
U. S. Agency Obligations	3,861,292	3,830,664	—	—	—	—	—	30,628
<b>Total Credit Risk Investments</b>	<b>\$ 8,458,030</b>	<b>\$ 6,926,035</b>	<b>\$ 362,245</b>	<b>\$ 1,068,173</b>	<b>\$ 10,980</b>	<b>\$ 54,972</b>	<b>\$ 1,023</b>	<b>\$ 34,602</b>

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 4. Deposits and Investments (continued)

#### Component Units

The component units follow the applicable investing criteria described above for the primary government. The exposure

of the component units' debt securities to credit quality risk is indicated below (in thousands):

	Total Fair Value	AAA	AA	A	BBB	BB	Not Rated
Corporate Debt							
Domestic	\$ 46,121	\$ 2,876	\$ 9,278	\$ 17,429	\$ 14,713	\$ 1,279	\$ 546
International	3,024	—	2,037	366	621	—	—
Investment Agreements	77,557	28,836	48,721	—	—	—	—
Mortgage-backed Securities							
Commercial	51,851	49,626	—	—	—	—	2,225
Municipal Bonds	6,801	6,634	167	—	—	—	—
Mutual Funds - Debt	611	—	—	—	—	—	611
Repurchase Agreements	96,665	7,567	89,098	—	—	—	—
U. S. Agency Obligations	113,176	100,985	—	—	—	—	12,191
Total Credit Risk Investments	\$ 395,806	\$ 196,524	\$ 149,301	\$ 17,795	\$ 15,334	\$ 1,279	\$ 15,573

#### Custodial Credit Risk – Investments

As indicated above, custodial credit risk is the risk that, in the event of a bank failure, the State's investments may not be recovered.

#### Primary Government (Other than Pension Trust Funds)

The State's investment policies include the following restrictions to manage custodial credit risk for investments:

- 1) Repurchase agreements must be collateralized by obligations of the United States and its subsidiary corporations and instrumentalities or entities sanctioned or authorized by the United States government having a market value of at least 102% of the investment. Collateral must be held by a third party custodian approved by the Director of OTFS and marked-to-market daily.
- 2) All CD's must be secured by collateral permitted by statute. Surety bonds acceptable as security for CD's shall require approval by the State Depository Board with such credit constraints or limitations it determines. Pledged securities shall be marked-to-market at least monthly with depositories required to initially pledge to OTFS, and thereafter maintain upon notification of any shortfall, collateral having a market value equal to 110 % of CD's.

At June 30, 2006, \$253.934 million of the State's investments were uninsured, unregistered and held by the counterparty or the counterparty's trust department, but not in the State's name.

#### Pension Trust Funds

The custodial credit risk of pension trust funds is managed by restricting investments to those authorized by the Public Retirement System Investment Authority Law described above and in Note 1. At June 30, 2006, \$731.316 million of the pension trust funds' investments were uninsured, unregistered and held by the counterparty or the counterparty's trust department, but not in the State's name.

#### Component Units

The component units follow the applicable investing criteria described above for the primary government. At June 30, 2006, \$182.011 million of the component units' investments were uninsured, unregistered and held by the counterparty or the counterparty's trust department, but not in the State's name.

#### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the State's investment in a single issuer.

#### Primary Government (Other than Pension Trust Funds)

The State does not have a formally adopted policy for managing concentration of credit risk. At June 30, 2006, more than 5 percent of the primary government's total investments were investments in securities of U. S. agencies not explicitly guaranteed by the U. S. government. These investments represented approximately 74.1 percent of total investments.

# State of Georgia

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## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 4. Deposits and Investments (continued)

#### Pension Trust Funds

The concentration of credit risk policy of pension trust funds limits investments to no more than 5% of total net assets in any one corporation. At June 30, 2006, more than 5 percent of the pension trust fund's total investments were investments in securities of U. S. agencies not explicitly guaranteed by the U. S. government. These investments represented approximately 6.0 percent of total investments.

#### Component Units

The component units follow the applicable investing criteria described above for the primary government. At June 30, 2006, more than 5 percent of the component units' total investments were investments in securities of U. S. Agencies not explicitly guaranteed by the U. S. government. These investments represented approximately 18.2 percent of total investments.

### C. Investments Lending Program

The State is presently involved in securities lending programs with major brokerage firms. The State lends equity and fixed income securities for varying terms and receives a fee based on the loaned securities' value. During a loan, the State continues to receive dividends and interest as the owner of the loaned securities.

#### Primary Government

In the primary government's securities lending agreement, securities are transferred to an independent broker in exchange for collateral in the form of cash and/or securities issued by the U. S. Treasury or its agencies. The collateral value must be equal to at least 100% to 102% of the loaned securities value, depending on the type of collateral security.

Securities loaned totaled \$891.679 million at June 30, 2006, and the collateral value was equal to 102%. The loaned securities are in the accompanying note disclosures based on the custodial arrangements for the collateral securities. Loaned securities are included in the accompanying Statement of Net Assets since the State maintains ownership. The related collateral securities are not recorded as assets on the Statement of Net Assets, and a corresponding liability is not recorded, since the State does not pledge or trade the collateral securities.

#### Pension Trust Funds

In the pension trust funds securities lending agreements, the brokerage firms pledge collateral securities consisting of U. S. Government and agency securities, mortgage-backed securities issued by a U. S. Government agency, and U. S. corporate bonds. The collateral value must be equal to at least 102% to 110% of the loaned securities value, depending on the type of collateral security.

Securities loaned totaled \$22.294 billion at June 30, 2006, and the collateral value was equal to 104.5%. The loaned securities are in the accompanying note disclosures based on the custodial arrangements for the collateral securities. Loaned securities are included in the accompanying Statement of Net Assets since the State maintains ownership. The related collateral securities are not recorded as assets on the Statement of Net Assets, and a corresponding liability is not recorded, since the State does not pledge or trade the collateral securities.

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 4. Deposits and Investments (continued)

#### D. Investment Pools

Separate reports on the State's external investment pools are not issued. Condensed financial statements, inclusive of external and internal participants for the fiscal year ended June 30, 2006, and related risk disclosures for investments are as follows:

<u>Georgia Fund 1</u> <u>Statement of Net Assets</u> <u>June 30, 2006</u> (expressed in thousands)	
<u>Assets</u>	
Cash and Cash Equivalents	\$ 5,345,817
Investments	<u>2,504,424</u>
Net Assets	\$ <u><u>7,850,241</u></u>
 <u>Distribution of Net Assets</u>	
External Participant Account Balances	\$ 4,361,479
Internal Participant Account Balances	<u>3,488,762</u>
Total Net Assets	\$ <u><u>7,850,241</u></u>

#### Deposits

Because the State does not maintain separate bank accounts for Georgia Fund 1, separate custodial credit risk disclosures for the Fund's deposits cannot be presented. The carrying

#### Georgia Fund 1

The Primary Liquidity portfolio is a stable net asset value investment pool that follows Standard and Poor's criteria for AAAm rated money market funds. The pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

<u>Georgia Fund 1</u> <u>Statement of Changes in Net Assets</u> <u>For the Fiscal Year Ended June 30, 2006</u> (expressed in thousands)	
<u>Additions</u>	
Pool Participant Deposits	\$ 25,441,215
Investment Income	
Interest	307,514
Less: Investment Expense	<u>(1,561)</u>
Total Additions	\$ 25,747,168
 <u>Deductions</u>	
Pool Participant Withdrawals	<u>24,843,964</u>
Net Increase	\$ 903,204
 <u>Net Assets</u>	
July 1, 2005	<u>6,947,037</u>
June 30, 2006	\$ <u><u>7,850,241</u></u>

amount of the Fund's deposits as of June 30, 2006, was \$462.882 million. This amount is included in the deposit disclosures of the Primary Government.



# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 4. Deposits and Investments (continued)

#### Investments

Georgia Fund 1 follows applicable investing criteria and investment risk management policies described above for the primary government. In addition, fund managers restrict investments of the Fund in order to maintain the Standard and Poor's AAAM rating.

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Fund's investments are presented below (in thousands):

	Total Fair Value	Maturity Period		Range of Yields
		Less than 3 Months	4 - 12 Months	
Banker's Acceptances	\$ 93,773	\$ 93,773	\$ —	5.020 - 5.155
Repurchase Agreements	4,449,368	3,399,368	1,050,000	4.930 - 5.410
U. S. Agency Obligations	2,844,219	1,389,795	1,454,424	4.871 - 5.357
Total Investments	\$ 7,387,360	\$ 4,882,936	\$ 2,504,424	

#### Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The exposure of the Fund's debt securities to credit quality risk is indicated below (in thousands):

	Total Fair Value	Credit Rating		
		AAA	A	Not Rated
Banker's Acceptances	\$ 93,773	\$ —	\$ —	\$ 93,773
Repurchase Agreements	4,449,368	2,476,572	—	1,972,796
U. S. Agency Obligations	2,844,219	—	2,844,219	—
Total Investments	\$ 7,387,360	\$ 2,476,572	\$ 2,844,219	\$ 2,066,569

#### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the State's investment in a single issuer. At June 30, 2006, more than 5 percent of the Fund's total investments were investments in securities of U. S. agencies

not explicitly guaranteed by the U. S. government. These investments represented approximately 98.7 percent of total investments.

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 4. Deposits and Investments (continued)

#### Georgia Extended Asset Pool

The Extended Term Portfolio is a variable net asset value investment pool that follows Standard and Poor's criteria for

AAAF money market rated funds. The pool is not registered with the SEC as an investment company.

<u>Georgia Extended Asset Pool</u> <u>Statement of Net Assets</u> <u>June 30, 2006</u> (expressed in thousands)	
<u>Assets</u>	
Cash and Cash Equivalents	\$ 332,838
Investments	<u>531,408</u>
Net Assets	\$ <u>864,246</u>
 <u>Distribution of Net Assets</u>	
External Participant Account Balances	\$ 53,144
Internal Participant Account Balances	<u>811,102</u>
Total Net Assets	\$ <u>864,246</u>

#### **Deposits**

Because the State does not maintain separate bank accounts for Georgia Extended Asset Pool, separate custodial credit risk disclosures for the Pool's deposits cannot be presented. The carrying amount of the Pool's deposits as of June 30, 2006, was \$159,410 million. This amount is included in the deposit disclosures of the Primary Government.

<u>Georgia Extended Asset Pool</u> <u>Statement of Changes in Net Assets</u> <u>For the Fiscal Year Ended June 30, 2006</u> (expressed in thousands)	
<u>Additions</u>	
Pool Participant Deposits	\$ 250,435
Investment Income	
Interest	33,144
Fair Value Decreases	(5,253)
Less: Investment Expense	<u>(304)</u>
Total Additions	\$ 278,022
 <u>Deductions</u>	
Pool Participant Withdrawals	<u>443,980</u>
Net Decrease	\$ (165,958)
 <u>Net Assets</u>	
July 1, 2005	<u>1,030,204</u>
June 30, 2006	\$ <u>864,246</u>

#### **Investments**

Georgia Extended Asset Pool follows applicable investing criteria and investment risk management policies described above for the primary government. In addition, the fund managers restrict investments of the Fund in order to maintain the Standard and Poor's AAAF rating.

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 4. Deposits and Investments (continued)

#### *Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an

investment. The Pool's investments are presented below (in thousands):

	Total Fair Value	Maturity Period			Range of Yields
		Less than 3 Months	1 - 5 Years	6 - 10 Years	
Repurchase Agreements	\$ 173,428	\$ 173,428	\$ —	\$ —	5.230
U. S. Agency Obligations	394,418	—	380,116	14,302	2.050 - 5.300
U. S. Treasury Obligations	136,991	—	136,991	—	4.000 - 4.375
Total Investments	\$ 704,837	\$ 173,428	\$ 517,107	\$ 14,302	

#### *Credit Quality Risk*

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2006, the Pool's applicable repurchase agreements and U. S. Agency Obligations were rated AAA.

#### *Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of the State's investment in a single issuer. At June 30, 2006, more than 5 percent of the Pool's total investments were investments in securities of U. S. agencies not explicitly guaranteed by the U. S. government. These investments represented approximately 80.6 percent of total investments.

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 4. Deposits and Investments (continued)

#### Regents Investment Pool

The Regents Investment Pool is not registered with the SEC as an investment company.

<u>Regents Investment Pool</u> <u>Statement of Net Assets</u> <u>June 30, 2006</u> (expressed in thousands)	
<u>Assets</u>	
Cash and Cash Equivalents	\$ 1,234
Investments	143,528
Interest Receivable	<u>434</u>
Net Assets	\$ <u><u>145,196</u></u>
 <u>Distribution of Net Assets</u>	
External Participant Account Balances	\$ 21,803
Internal Participant Account Balances	<u>123,393</u>
Total Net Assets	\$ <u><u>145,196</u></u>

#### **Deposits**

Because the State does not maintain separate bank accounts for Regents Investment Pool, separate custodial credit risk disclosures for the Pool's deposits cannot be presented. The carrying amount of the Pool's deposits as of June 30, 2006, was \$1.668 million. This amount is included in the deposit disclosures of the Primary Government.

<u>Regents Investment Pool</u> <u>Statement of Changes in Net Assets</u> <u>For the Fiscal Year Ended June 30, 2006</u> (expressed in thousands)	
<u>Additions</u>	
Investment Income	
Interest	\$ 4,787
Fair Value Decreases	3,148
Less: Investment Expense	<u>(393)</u>
Total Additions	\$ <u><u>7,542</u></u>
 <u>Deductions</u>	
Pool Participant Withdrawals	\$ 38,541
Capital Transactions	<u>(7,884)</u>
Total Deductions	\$ <u><u>30,657</u></u>
Net Increase	\$ (23,115)
 <u>Net Assets</u>	
July 1, 2005	<u>168,311</u>
June 30, 2006	\$ <u><u>145,196</u></u>

#### **Investments**

The Regents Investment Pool policy guidelines indicate that all investments must be consistent with donor intent, Board of Regents policy and applicable federal and state law. The individual funds of the Pool provide various restrictions on the types of investments allowed.

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 4. Deposits and Investments (continued)

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an

investment. The Pool's Funds' policy guidelines restrict average maturities of their holdings. The Pool's investments are presented below (in thousands):

	Total Fair Value	Maturity Period	
		Less than 1 Year	1 - 5 Years
Mutual Bond Fund	\$ 30,004	\$ —	\$ 30,004
Repurchase Agreements	741	741	—
U. S. Agency Obligations	46,747	16,100	30,647
U. S. Treasury Obligations	3,085	1,634	1,451
Total Debt Securities	\$ 80,577	\$ 18,475	\$ 62,102
Equity Securities			
Domestic	28,970		
Mutual Funds - Equity	28,790		
Real Estate Investment			
Trusts	5,191		
Total Investments	\$ 143,528		

#### Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Pool's Funds' policy guidelines require that holdings, except for those of the Diversified Fund be investment grade with ratings of at least BAA by Moody's and Standard &

Poor's at the time of purchase. The Diversified Fund is permitted to invest in noninvestment grade debt issues up to a limit of 15% of the entire fund. The exposure of the Regents Investment Pool's debt securities to credit quality risk is indicated below (in thousands):

	Total Fair Value	Credit Rating	
		Not Rated	
Mutual Bond Fund	\$ 30,004	\$ 30,004	
Repurchase Agreements	741	741	
U. S. Agency Obligations	43,365	43,365	
Total Credit Risk Investments	\$ 74,110	\$ 74,110	

#### Custodial Credit Risk – Investments

As indicated above, custodial credit risk is the risk that, in the event of a bank failure, the State's investments may not be recovered. The Regents Investment Pool's policy for managing custodial credit risk is to 1) appoint a federally regulated banking institution as custodian, 2) require that all securities transactions be settled on a delivery vs. payment basis through an approved depository institution such as the

Depository Trust Company or the Federal Reserve, and 3) require that repurchase agreements be collateralized by U. S. Treasury securities at 102% of the market value of the investment at all times. At June 30, 2006, \$143.528 million of the Regents Investment Pool's holdings were uninsured and held by the custodian bank or a depository institution, but not in the State's name.

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 4. Deposits and Investments (continued)

#### *Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of the State's investment in a single issuer. The Regents Investment Pool's policy for managing concentration of credit risk is to diversify to the extent that any single issuer (other than U. S. government obligations)

shall be limited to 5% of the market value in a particular Pool Fund. At June 30, 2006 more than 5 percent of the Pool's total investments were investments in securities of U. S. agencies not explicitly guaranteed by the U. S. government. These investments represented approximately 30.0 percent of total investments.

### Note 5. Receivables

Receivables at June 30, 2006, consisted of the following (in thousands):

	<u>Gross Receivables</u>	<u>Allowance For Uncollectibles</u>	<u>Allowance For Possible Loan Losses</u>	<u>Allowance For Service Repayments</u>	<u>Deferred Loan Fees</u>	<u>Net Total Receivables</u>
<b>Governmental Activities:</b>						
General Fund	\$ 3,726,248	\$ (30,331)	\$ —	\$ —	\$ —	\$ 3,695,917
Georgia State Financing and Investment Commission	11,607	—	—	—	—	11,607
Total Governmental Funds	\$ 3,737,855	\$ (30,331)	\$ —	\$ —	\$ —	\$ 3,707,524
Internal Service Funds	23,453	(519)	—	—	—	22,934
Total Governmental Activities	<u>\$ 3,761,308</u>	<u>\$ (30,850)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,730,458</u>
<b>Business-type Activities:</b>						
Higher Education Fund	\$ 256,363	\$ (13,190)	\$ —	\$ —	\$ —	\$ 243,173
State Employees' Health Benefit Plan	39,904	(4,158)	—	—	—	35,746
Unemployment Compensation Fund	145,456	(11,500)	—	—	—	133,956
Georgia Technology Authority	7,472	—	—	—	—	7,472
Internal Service Funds	6	—	—	—	—	6
Total Business-type Activities	<u>\$ 449,201</u>	<u>\$ (28,848)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 420,353</u>
Component Units	<u>\$ 2,681,332</u>	<u>\$ (7,314)</u>	<u>\$ (1,848)</u>	<u>\$ (46,073)</u>	<u>\$ (206)</u>	<u>\$ 2,625,891</u>

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 6. Capital Assets

#### Primary Government

Capital asset activity for the year ended June 30, 2006, was as follows (in thousands):

	Balance July 1, 2005	Transfers and Other Adjustments	Increases	Decreases	Balance June 30, 2006
<b>Governmental Activities:</b>					
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 1,549,994	\$ 15,877	\$ 353,960	\$ (2,283)	\$ 1,917,548
Works of Art and Collections	1,315	—	61	—	1,376
Construction in Progress	2,539,806	(192,860)	1,906,317	(1,247,727)	3,005,536
Total Capital Assets, Not Being Depreciated	\$ 4,091,115	\$ (176,983)	\$ 2,260,338	\$ (1,250,010)	\$ 4,924,460
<b>Capital Assets Being Depreciated:</b>					
Infrastructure	\$ 16,213,472	\$ 78,474	\$ 466,473	\$ —	\$ 16,758,419
Buildings	2,608,497	75,434	187,669	(5,577)	2,866,023
Improvements Other Than Buildings	70,961	6	5,908	—	76,875
Machinery and Equipment	709,453	100	71,269	(39,756)	741,066
Software	82,786	(94)	808	—	83,500
Library Collections	3,200	—	—	(3,200)	0
Works of Art and Collections	620	—	—	—	620
Total Capital Assets Being Depreciated	\$ 19,688,989	\$ 153,920	\$ 732,127	\$ (48,533)	\$ 20,526,503
<b>Less Accumulated Depreciation For:</b>					
Infrastructure	\$ (6,787,984)	\$ (46,020)	\$ (910,721)	\$ —	\$ (7,744,725)
Buildings	(920,421)	(3,626)	(108,049)	6,090	(1,026,006)
Improvements Other Than Buildings	(30,033)	—	(3,662)	—	(33,695)
Machinery and Equipment	(463,010)	(39,188)	(44,954)	32,064	(515,088)
Software	(52,729)	—	(961)	—	(53,690)
Library Collections	(3,200)	—	—	3,200	0
Works of Art and Collections	(83)	—	(21)	—	(104)
Total Accumulated Depreciation	\$ (8,257,460)	\$ (88,834)	\$ (1,068,368)	\$ 41,354	\$ (9,373,308)
Total Capital Assets Being Depreciated, Net	\$ 11,431,529	\$ 65,086	\$ (336,241)	\$ (7,179)	\$ 11,153,195
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 15,522,644</b>	<b>\$ (111,897)</b>	<b>\$ 1,924,097</b>	<b>\$ (1,257,189)</b>	<b>\$ 16,077,655</b>

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 6. Capital Assets (continued)

#### Primary Government (continued)

	Balance July 1, 2005	Transfers and Other Adjustments	Increases	Decreases	Balance June 30, 2006
<b>Business-Type Activities:</b>					
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 193,722	\$ —	\$ 29,977	\$ (93)	\$ 223,606
Works of Art and Collections	16,222	137	3,552	—	19,911
Construction in Progress	139,723	—	145,332	(114,582)	170,473
Total Capital Assets, Not Being Depreciated	\$ 349,667	\$ 137	\$ 178,861	\$ (114,675)	\$ 413,990
<b>Capital Assets Being Depreciated:</b>					
Infrastructure	\$ 252,066	\$ —	\$ 16,076	\$ (1,540)	\$ 266,602
Buildings	4,785,377	50,572	240,062	(5,561)	5,070,450
Improvements Other Than Buildings	260,926	—	9,192	(176)	269,942
Machinery and Equipment	1,358,596	(28,235)	263,646	(76,631)	1,517,376
Software	41,930	—	9,382	—	51,312
Library Collections	576,289	—	33,796	(4,751)	605,334
Works of Art and Collections	1,457	(137)	—	(255)	1,065
Total Capital Assets Being Depreciated	\$ 7,276,641	\$ 22,200	\$ 572,154	\$ (88,914)	\$ 7,782,081
<b>Less Accumulated Depreciation For:</b>					
Infrastructure	\$ (48,333)	\$ —	\$ (4,192)	\$ 1,094	\$ (51,431)
Buildings	(1,309,703)	—	(128,000)	2,289	(1,435,414)
Improvements Other Than Buildings	(98,486)	—	(7,142)	87	(105,541)
Machinery and Equipment	(805,062)	(22,289)	(115,607)	56,427	(886,531)
Software	(35,862)	—	(3,121)	—	(38,983)
Library Collections	(433,607)	—	(25,275)	5,329	(453,553)
Works of Art and Collections	(631)	—	(24)	230	(425)
Total Accumulated Depreciation	\$ (2,731,684)	\$ (22,289)	\$ (283,361)	\$ 65,456	\$ (2,971,878)
Total Capital Assets Being Depreciated, Net	\$ 4,544,957	\$ (89)	\$ 288,793	\$ (23,458)	\$ 4,810,203
Business-Type Activities Capital Assets, Net	\$ 4,894,624	\$ 48	\$ 467,654	\$ (138,133)	\$ 5,224,193



# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 6. Capital Assets (continued)

#### Primary Government (continued)

Current period depreciation expense was charged to functions of the primary government as follows (in thousands):

General government	\$	4,579
Education		1,318
Health and Welfare		38,134
Transportation		928,792
Public Safety		52,340
Economic Development		18,527
Culture and Recreation		7,824
Conservation		1,135
Capital Outlay		1,297
Internal Service Funds		
(Depreciation on capital assets held by the state's internal service funds are charged to the various functions based on their usage of the assets)		<u>14,422</u>
<b>Depreciation Expense - Governmental Activities</b>	<b>\$</b>	<b><u>1,068,368</u></b>

#### Component Units

Capital asset activity for the year ended June 30, 2006, was as follows (in thousands):

	Balance July 1, 2005	Retroactive Restatement of Prior Year Balances	Increases	Decreases	Balance June 30, 2006
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 245,922	\$ (15,182)	\$ 4,128	\$ (4,931)	\$ 229,937
Works of Art and Collections	201	—	—	—	201
Construction in Progress	87,674	(60,197)	27,714	(8,917)	46,274
<b>Total Capital Assets, Not Being Depreciated</b>	<b>\$ 333,797</b>	<b>\$ (75,379)</b>	<b>\$ 31,842</b>	<b>\$ (13,848)</b>	<b>\$ 276,412</b>
<b>Capital Assets Being Depreciated:</b>					
Infrastructure	\$ 154,272	\$ 19,657	\$ 12,492	\$ (2,416)	\$ 184,005
Buildings	923,252	(66,534)	10,724	(11,376)	856,066
Improvements Other Than Buildings	248,080	24,139	6,222	(2,138)	276,303
Machinery and Equipment	487,994	18,891	58,775	(32,274)	533,386
Software	1,122	—	694	—	1,816
<b>Total Capital Assets Being Depreciated</b>	<b>\$ 1,814,720</b>	<b>\$ (3,847)</b>	<b>\$ 88,907</b>	<b>\$ (48,204)</b>	<b>\$ 1,851,576</b>
<b>Less Accumulated Depreciation For:</b>					
Infrastructure	\$ (69,083)	\$ —	\$ (3,689)	\$ 1,457	\$ (71,315)
Buildings	(280,741)	17,702	(22,736)	4,735	(281,040)
Improvements Other Than Buildings	(95,673)	(290)	(8,370)	2,060	(102,273)
Machinery and Equipment	(338,561)	(803)	(40,343)	29,847	(349,860)
Software	(57)	—	(98)	—	(155)
<b>Total Accumulated Depreciation</b>	<b>\$ (784,115)</b>	<b>\$ 16,609</b>	<b>\$ (75,236)</b>	<b>\$ 38,099</b>	<b>\$ (804,643)</b>
<b>Capital Assets, Net (GASB presentation)</b>	<b>\$ 1,364,402</b>	<b>\$ (62,617)</b>	<b>\$ 45,513</b>	<b>\$ (23,953)</b>	<b>\$ 1,323,345</b>

# State of Georgia

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## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 6. Capital Assets (continued)

#### Component Units (continued)

Certain higher education foundations and other similar organizations utilize FASB standards; therefore, only the June 30, 2006, balances are available as follows (in thousands):

**Capital Assets Not Being Depreciated:**

Land	\$	38,260
Construction in Progress		156,156
Total Capital Assets, Not Being Depreciated	\$	<u>194,416</u>

**Capital Assets Being Depreciated:**

Buildings	\$	471,956
Machinery and Equipment		25,160
Total Capital Assets Being Depreciated	\$	<u>497,116</u>

<b>Less: Accumulated Depreciation</b>	\$	<u>(65,810)</u>
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<b>Capital Assets, Net (FASB presentation)</b>	\$	<u><u>625,722</u></u>
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<b>Total Capital Assets, Net - All Component Units</b>	\$	<u><u>1,949,067</u></u>
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# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 7. Risk Management

#### A. Public Entity Risk Pool

The Department of Community Health administers the States Health Benefit Plan for the State. Participants include State agencies, component units, participating county governments and local educational agencies. This plan is funded by participating employer and employee contributions and appropriations from the General Assembly of Georgia. The Department of Community Health has contracted with Blue Cross Blue Shield of Georgia, Cigna, United Health Care and Express Scripts to process claims in accordance with the State Health Benefit Plan as established by the Board of Community Health.

A reconciliation of total claims liabilities for fiscal years ended June 30, 2006, and 2005, is shown below (in thousands):

	Fiscal Year Ended June 30, 2006	Fiscal Year Ended June 30, 2005
Unpaid Claims and Claim Adjustments July 1	\$ 175,578	\$ 166,045
Current Year Claims and Changes in Estimates	2,048,140	1,487,907
Claims Payments	<u>(1,976,368)</u>	<u>(1,478,374)</u>
Unpaid Claims and Claim Adjustments June 30	\$ <u>247,350</u>	\$ <u>175,578</u>

#### B. Board of Regents Employee Health Benefits Plan

The Board of Regents of the University System of Georgia maintains a program of health benefits for its employees and retirees. This plan is funded jointly through premiums paid by participants covered under the plan and employer contributions paid by the Board of Regents and its organizational units. All units of the University System of Georgia share the risk of loss for claims of the plan.

The Board of Regents has contracted with Blue Cross Blue Shield of Georgia and Express Scripts to process all claims in accordance with guidelines as established by the Board of Regents.

A reconciliation of total claims liabilities for fiscal years ended June 30, 2006, and 2005, is shown below (in thousands):

	Fiscal Year Ended June 30, 2006	Fiscal Year Ended June 30, 2005
Unpaid Claims and Claim Adjustments July 1	\$ 27,583	\$ 26,506
Current Year Claims and Changes in Estimates	245,823	226,707
Claims Payments	<u>(245,422)</u>	<u>(225,630)</u>
Unpaid Claims and Claim Adjustments June 30	\$ <u>27,984</u>	\$ <u>27,583</u>

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 7. Risk Management (continued)

#### C. Other Risk Management

The Department of Administrative Services (DOAS) has the responsibility for the State of Georgia of administering the risk management funds of the state and making and carrying out decisions that will minimize the adverse effects of accidental losses that involve State government assets. The State believes it is more economical to manage its risks internally and set aside assets for claim settlement. Accordingly, DOAS services claims for risk of loss to which the State is exposed, including general liability, property and casualty, workers' compensation, unemployment compensation, and law enforcement officers' and teachers' indemnification. Limited amounts of commercial insurance are purchased applicable to property, employee and automobile liability, fidelity and certain other risks. Premiums for the risk management program are charged to State organizations by DOAS to provide claims servicing and claims payment.

Charges by the workers' compensation risk management fund to other funds have failed to recover the full cost of claims over a reasonable period of time. Therefore, the unadjusted deficit at June 30, 2006, of \$136.836 million was charged back to the contributing funds. Expenditures of \$88.943 million are reported in the general fund, and expenses of \$34.209 million are reported in the Higher Education (enterprise) Fund relating to this charge-back.

A reconciliation of total claims liabilities for fiscal years ended June 30, 2006, and 2005, is shown below (in thousands):

	Fiscal Year Ended June 30, 2006	Fiscal Year Ended June 30, 2005
Unpaid Claims and Claim Adjustments July 1	\$ 388,389	\$ 381,994
Current Year Claims and Changes in Estimates	84,634	118,760
Claims Payments	<u>(99,775)</u>	<u>(112,365)</u>
Unpaid Claims and Claim Adjustments June 30	\$ <u>373,248</u>	\$ <u>388,389</u>

### Note 8. Construction and Other Significant Commitments

#### Primary Government

The Georgia State Financing and Investment Commission has entered into agreements with various State organizations for the expenditure of bond sale proceeds and cash supplements (provided by or on behalf of the organization involved) to acquire and construct capital projects. At June 30, 2006, the undisbursed balance remaining on these agreements approximated \$1.206 billion.

At June 30, 2006, the Department of Transportation had contractual commitments of \$3.538 billion for construction of various highway projects. Funding of these future expenditures is expected to be provided from federal grants, motor fuel tax funds and general obligation bond proceeds.

### Note 9. Operating Leases

#### A. Lessee

The State leases land, office facilities, office and computer equipment, and other assets. These leases are considered for accounting purposes to be operating leases. Although lease terms vary, many leases are subject to appropriation from the General Assembly to continue the obligation. Other leases generally contain provisions that, at the expiration date of the original term of the lease, the State has the option of renewing the lease on a year-to-year basis. Certain governmental organizations within the State's reporting entity do not maintain adequate systems for recording lease commitments in accordance with GAAP.

Total lease payments for the State's governmental activities, business-type activities, and component units were \$49.573 million, \$40.676 million, and \$5.599 million, respectively, for the year ended June 30, 2006. Future minimum commitments for operating leases as of June 30, 2006, are listed below (in thousands). Amounts are included for renewable leases for which the option to renew for the subsequent fiscal year has been exercised.

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 9. Operating Leases (continued)

	Governmental Activities	Business-Type Activities	Component Units
<u>Fiscal Year Ended June 30</u>			
2007	\$ 43,775	\$ 36,563	\$ 5,011
2008	32,269	16,698	4,536
2009	25,873	14,943	3,411
2010	25,595	12,454	3,321
2011	20,118	10,096	3,140
2012-2016	54,177	41,735	9,365
2017-2021	33,585	25,467	—
2022-2026	24,567	27,094	—
2027-2031	4,625	23,433	—
2032-2036	4,625	8,600	—
2037-2041	4,625	—	—
2042-2046	4,625	—	—
2047-2051	4,625	—	—
2052-2056	1,875	—	—
2057-2061	42	—	—
2062-2066	8	—	—
	<u>\$ 285,009</u>	<u>\$ 217,083</u>	<u>\$ 28,784</u>
Less: Sublease Revenues	<u>—</u>	<u>—</u>	<u>(1,879)</u>
Total Minimum Commitments	<u>\$ 285,009</u>	<u>\$ 217,083</u>	<u>\$ 26,905</u>

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 9. Operating Leases (continued)

#### **B. Lessor**

The State leases certain of its facilities for use by others for terms varying from 1 to 65 years, with the majority of leases controlled by the State Properties Commission. These leases are accounted for as operating leases; revenues for services provided and for use of facilities are recorded when earned. Total revenues from rental of facilities for the State's

governmental activities and component units were \$8.859 million and \$12.752 million, respectively, for the year ended June 30, 2006. Minimum future revenues and rentals to be received under operating leases as of June 30, 2006, are as follows (in thousands):

	Governmental Activities	Component Units
<u>Fiscal Year Ended June 30</u>		
2007	\$ 8,856	\$ 12,704
2008	8,341	10,185
2009	8,178	8,706
2010	8,100	7,642
2011	8,209	7,618
2012-2016	42,121	32,467
2017-2021	33,234	19,927
2022-2026	7,254	13,556
2027-2031	7,603	11,146
2032-2036	7,431	9,763
2037-2041	8,301	8,822
2042-2046	6,790	8,545
2047-2051	3,075	5,359
2052-2056	3,140	18
2057-2061	3,240	—
2062-2066	3,340	—
2065-2071	3,440	—
2072-2076	—	—
Total Minimum Revenues	\$ 170,653	\$ 156,458

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 10. Capital Leases

The State acquires certain property and equipment through multi-year capital leases with varying terms and options. The majority of these agreements contain fiscal funding clauses in accordance with OCGA 50-5-64 which prohibits the creation of a debt to the State of Georgia for the payment of any sums under such agreements beyond the fiscal year of execution if appropriated funds are not available. If renewal of such agreements is reasonably

assured, however, capital leases requiring appropriation by the General Assembly are considered noncancellable for financial reporting purposes. Certain governmental organizations within the State's reporting entity do not maintain adequate systems for recording lease commitments in accordance with GAAP. At June 30, 2006, future commitments under capital leases were as follows (in thousands):

	Governmental Activities	Business-Type Activities	Component Units
<u>Fiscal Year Ended June 30</u>			
2007	\$ 1,408	\$ 74,522	\$ 4,698
2008	1,233	73,827	6,061
2009	858	71,677	5,830
2010	515	70,188	5,531
2011	437	66,527	4,195
2012-2016	732	325,684	6,367
2017-2021	—	333,000	2,081
2022-2026	—	290,465	—
2027-2031	—	215,300	—
2032-2036	—	63,546	—
Total Capital Lease Payments	\$ 5,183	\$ 1,584,736	\$ 34,763
Less: Interest and Executory Costs	(435)	(744,810)	(5,761)
Present Value of Capital Lease Payments	\$ 4,748	\$ 839,926	\$ 29,002

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 11. Long-Term Liabilities

#### Primary Government

Changes in long-term liabilities for the fiscal year ended June 30, 2006, is shown in the table below (in thousands):

	Balance July 1, 2005	Retroactive Restatement of Prior Year Balance	Increases	Decreases	Balance June 30, 2006	Amounts Due Within One Year
<b>Governmental Activities:</b>						
Compensated Absences Payable	\$ 253,969	\$ —	\$ 142,808	\$ (137,435)	\$ 259,342	\$ 94,765
Capital Lease Obligations	5,122	—	1,762	(2,136)	4,748	1,434
Contracts Payable	13,869	—	290	(8,785)	5,374	5,374
Notes and Loans Payable	3,583	(2,437)	—	(350)	796	255
General Obligation Bonds Payable	6,183,865	—	1,661,010	(1,001,975)	6,842,900	592,380
Net Unamortized Premiums	131,555	—	50,438	(10,202)	171,791	—
Deferred Amount on Refunding	(76,486)	—	(37,474)	8,612	(105,348)	—
Arbitrage	9,656	—	—	(7,110)	2,546	619
<b>Total Governmental Activities</b>	<b>\$ 6,525,133</b>	<b>\$ (2,437)</b>	<b>\$ 1,818,834</b>	<b>\$ (1,159,381)</b>	<b>\$ 7,182,149</b>	<b>\$ 694,827</b>
<b>Business-Type Activities:</b>						
Compensated Absences Payable	\$ 164,167	\$ —	\$ 125,238	\$ (119,456)	\$ 169,949	\$ 96,598
Capital Lease Obligations	678,055	—	187,466	(25,595)	839,926	26,551
Notes and Loans Payable	4,244	(1,670)	235	(191)	2,618	167
U. S. DOE Settlement	0	1,670	—	(458)	1,212	500
<b>Total Business-Type Activities</b>	<b>\$ 846,466</b>	<b>\$ 0</b>	<b>\$ 312,939</b>	<b>\$ (145,700)</b>	<b>\$ 1,013,705</b>	<b>\$ 123,816</b>

The governmental funds in which the leases are recorded will liquidate the capital lease obligations for governmental activities. The compensated absences liabilities will be liquidated by the applicable funds that account for the salaries and wages of the related employees.

The State issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and equipment. General obligation bonds have been issued for both general State and proprietary activities, to provide loans to local governments for water and sewer systems, to construct educational facilities for local school systems, and to refund general obligation bonds. As of June 30, 2006, the State had \$1.744 billion of authorized but unissued general obligation bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the State. General obligation bonds currently outstanding are as follows (in thousands):

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
General Government	1.00% - 7.45%	\$ 5,829,105
General Government - Refunding	4.875% - 6.30%	1,013,795
<b>Total General Obligation Bonds Outstanding</b>		<b>\$ 6,842,900</b>



# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 11. Long-Term Liabilities (continued)

Annual debt service requirements to maturity for general obligation bonds are as follows (in thousands):

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 592,380	\$ 342,850	\$ 935,230
2008	540,055	311,082	851,137
2009	538,885	281,131	820,016
2010	557,160	250,815	807,975
2011	542,665	219,644	762,309
2012-2016	2,052,305	721,039	2,773,344
2017-2021	1,421,715	279,050	1,700,765
2022-2026	597,735	43,758	641,493
Total General Obligation Bonds	\$ 6,842,900	\$ 2,449,369	\$ 9,292,269

During fiscal year 2006, the State issued \$425 million General Obligation Refunding Bonds Series 2005B to advance refund \$11.325 million Series 2000A, \$136.2 million Series 2000C, \$24.29 million Series 2000D, \$76.95 million Series 2001B, \$90.59 million Series 2001D, and \$92.65 million Series 2002B General Obligation Bonds. The principal amount of the refunding bonds and \$46.399 million of original issue premium, less \$1.92 million in bond issuance costs were paid to an escrow agent to be placed in an irrevocable trust account to provide for the debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Statement of Net Assets.

The advance refunding transaction resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$37.474 million. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through fiscal year 2021 using the straight-line method, which approximates the effective interest method. The refunding reduced the State's aggregate debt service payments by \$27.207 million over 15 years and resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$21.446 million. At June 30, 2006, the total amount outstanding of defeased general obligation bonds was \$890.135 million.

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 11. Long-Term Liabilities (continued)

#### Component Units

Changes in long-term liabilities for the year ended June 30, 2006, were as follows (in thousands):

	Balance	Retroactive Restatement of Prior			Balance	Amounts Due
	July 1, 2005	Year Balance	Increases	Decreases	June 30, 2006	Within One Year
Compensated Absences Payable	\$ 19,506	\$ (1,777)	\$ 18,113	\$ (16,406)	\$ 19,436	\$ 14,336
Capital Lease Obligations	14,928	—	16,759	(2,685)	29,002	3,354
Notes and Loans Payable	120,568	37,569	140,117	(124,670)	173,584	94,569
Prizes Payable	205,264	—	11,500	(17,479)	199,285	13,363
Revenue/Mortgage Bonds Payable	2,734,162	(4,200)	362,844	(152,954)	2,939,852	88,835
Other	62,632	29,500	7,088	(10,477)	88,743	6,453
Total Component Units	\$ 3,157,060	\$ 61,092	\$ 556,421	\$ (324,671)	\$ 3,449,902	\$ 220,910

#### Statement of Net Assets Reconciliation:

##### Current Liabilities

Due to Primary Government	\$ 3,147	\$ 3,147
Compensated Absences Payable	14,336	14,336
Capital Leases/Installment Purchases Payable	3,354	3,354
Notes and Loans Payable	94,255	94,255
Revenue Bonds Payable	82,055	82,055
Grand Prizes Payable	13,363	13,363
Current Liabilities Payable from Restricted Assets - Revenue Bonds Payable	6,780	6,780

##### Noncurrent Liabilities

Compensated Absences Payable	5,100	—
Capital Leases/Installment Purchases Payable	25,648	—
Notes and Loans Payable	76,679	—
Revenue/Mortgage Bonds Payable	2,851,017	—
Grand Prizes Payable	185,922	—
Advances from Primary Government	28,630	—
Other Noncurrent Liabilities	59,616	3,620

Total Component Units	\$ 3,449,902	\$ 220,910
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# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 11. Long-Term Liabilities (continued)

Notes and loans payable at June 30, 2006, included a \$43 million promissory note for the Georgia Student Finance Authority. On February 27, 2006, the Authority entered into a new financing agreement with a financial institution for the purpose of originating and refinancing loans made under the Guaranteed Student Loan Program. The agreement is in effect through February 28, 2007. The interest rate applied is the daily overnight BBA (British Bankers' Association) LIBOR plus 0.22 percent and interest is paid quarterly.

The Georgia Development Authority reported three long-term notes payable to banks with a combined outstanding balance at June 30, 2006, of \$33.467 million. One note, secured by LIBOR mortgage loans financed through the note, is payable in semi-annual payments of \$385 thousand that includes interest at LIBOR plus one percent, and has an outstanding balance at June 30, 2006, of \$4.231 million. Another note, secured by various fixed rate mortgage loans financed through the note, bears interest at a rate of 6.8 percent per annum, and has an outstanding balance at June 30, 2006, of \$19.636 million. Both loans expire September 30, 2011. The final note, secured by LIBOR mortgage loans financed through the note, is payable in semi-annual payments at a rate of LIBOR plus 1.35 percent, and has an outstanding balance at June 30, 2006, of \$9.6 million. This loan expires July 31, 2018.

Three foundations also reported significant amounts of notes and loans payable as of June 30, 2006. First, the Georgia Tech Foundation, Inc. has two \$30 million revolving lines of credit in the name of the Georgia Tech Foundation Funding Corporation. As of June 30, 2006, \$44.22 million was outstanding on the lines of credit. Interest is calculated using the 30-day LIBOR rate plus 0.25 percent. One line of credit expires on June 30, 2007, and the other on December 31, 2006. The Foundation expects to renew both lines of credit upon expiration.

Secondly, the Medical College of Georgia Physicians Practice Group Foundations' Cancer Research Center (CRC) has a loan agreement with the Development Authority of Richmond County (the Authority), whereby the Authority issued bonds and lent the proceeds thereof to CRC for the purpose of providing funds to finance the cost

of the construction of a portion of a cancer research center building on the campus of the Medical College of Georgia. As of June 30, 2006, \$33.349 million was outstanding on the loan payable. The loan agreement provides for semi-annual interest payments at interest rates ranging from 2.5 to 5.0 percent. Principal payments are due annually beginning December 2006 and continuing through December 2034.

Finally, notes and loans payable included a revolving credit agreement for the University of Georgia's Real Estate Foundation with an outstanding balance at June 30, 2006, of \$12.111 million. The revolving credit agreement provides for direct borrowings or letters of credit at the Real Estate Foundation's option. Credit available under the revolving credit agreement is reduced by outstanding borrowings and outstanding letters of credit. At June 30, 2006, amounts outstanding or issued under this agreement included borrowings of \$12.111 million and letters of credit and bank credit reserves of \$20.264 million. Borrowings under the revolving credit agreement bear interest at the bank's 30-day LIBOR plus 0.325 percent.

Revenue/mortgage bonds outstanding at June 30, 2006, consisted primarily of the following: mortgage bonds issued by the Georgia Housing and Finance Authority for financing the purchase of single family mortgage loans for eligible persons and families of low and moderate income within the State of Georgia; revenue bonds issued by the State Road and Tollway Authority for the financing of certain construction projects within the State's highway system; and revenue bonds issued by various University System of Georgia foundations totaling \$1.417 billion to fund acquisitions and improvements of properties and facilities. The significant revenue and mortgage bonds outstanding at June 30, 2006, consist of the following (in thousands):

	Georgia Housing and Finance Authority	State Road and Tollway Authority
Interest Rates	1.100% - 11.25%	2.25% - 5.375%
Bonds Outstanding	\$ 631,805	\$ 639,335
Unamortized Premium	—	27,650
Deferred Amount on Refunding	—	(1,880)
Net Bonds Outstanding	\$ 631,805	\$ 665,105

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 11. Long-Term Liabilities (continued)

Annual debt service requirements to maturity for revenue/mortgage bonds are as follows (in thousands):

Year	Georgia Housing and Finance Authority			State Road and Tollway Authority		
	Principal	Interest	Total	Principal	Interest	Total
2007	\$ 20,625	\$ 28,880	\$ 49,505	\$ 31,085	\$ 31,844	\$ 62,929
2008	20,732	29,423	50,155	32,520	30,379	62,899
2009	21,754	28,515	50,269	34,030	28,889	62,919
2010	21,441	27,582	49,023	35,660	27,224	62,884
2011	23,029	26,625	49,654	37,500	25,371	62,871
2012-2016	117,489	116,748	234,237	179,755	99,135	278,890
2017-2021	126,350	89,298	215,648	220,780	49,214	269,994
2022-2026	117,645	57,974	175,619	68,005	5,214	73,219
2027-2031	103,140	29,671	132,811	—	—	—
2032-2036	56,615	6,624	63,239	—	—	—
2037-2041	3,196	209	3,405	—	—	—
Future Accretion - Capital Appreciation Bonds	(211)	211	—	—	—	—
Total Revenue/Mortgage Bonds	\$ 631,805	\$ 441,760	\$ 1,073,565	\$ 639,335	\$ 297,270	\$ 936,605

Various series of bonds under Resolution 1 and 3 at Georgia Housing and Finance Authority include capital appreciation bonds that require no payments of principal or interest until maturity. Capital appreciation bonds accrete to their maturity values at effective yields ranging from 7.10% to 11.25%.

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 12. Interfund Balances

Due To/From Other Funds at June 30, 2006, consist of the following (in thousands):

	Due To:			
	General Fund	Nonmajor Enterprise Fund	Internal Service Funds	Total Due To
<b>Due From:</b>				
General Fund	\$ —	\$ 12,775	\$ 88,943	\$ 101,718
Higher Education Fund	—	1,214	34,209	35,423
Nonmajor Enterprise Fund	655	—	—	655
Internal Service Fund	—	84	—	84
<b>Total Due From</b>	<b>\$ 655</b>	<b>\$ 14,073</b>	<b>\$ 123,152</b>	<b>\$ 137,880</b>

Interfund receivables and payables result from billings for goods/services provided between funds. All interfund receivables and payables are considered short term in nature.

Interfund transfers at June 30, 2006, consist of the following (in thousands):

	Transfers Out:					
	Governmental Funds		Enterprise Funds			
	General Fund	Georgia State Financing and Investment Commission	Higher Education Fund	Nonmajor Enterprise Fund	Internal Service Funds	Total Transfers In
<b>Transfers In:</b>						
General Fund	\$ —	\$ 119,934	\$ 1,891	\$ 9,255	\$ 842	\$ 131,922
Georgia State Financing and Investment Commission	7,566	—	—	—	—	7,566
Nonmajor Governmental Funds	862,678	20,337	—	—	—	883,015
Higher Education Fund	2,148,486	—	—	275	—	2,148,761
Nonmajor Enterprise Fund	397	—	—	—	—	397
Internal Service Funds	3,293	—	—	—	—	3,293
Fiduciary Funds	3,167	—	—	—	—	3,167
<b>Total Transfers Out</b>	<b>\$ 3,025,587</b>	<b>\$ 140,271</b>	<b>\$ 1,891</b>	<b>\$ 9,530</b>	<b>\$ 842</b>	<b>\$ 3,178,121</b>

Transfers are used to move revenues from the fund that statutes require to collect them to the fund that statutes require to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 13. Nonmonetary Transactions

#### Primary Government

The Georgia Department of Administrative Services operates the Donation of Federal Surplus Personal Property program for the purpose of distributing surplus properties made available by the General Services Administration to eligible institutions, organizations and agencies. The value of surplus property received and distributed is not reported as revenues and expenses on the combined statement of revenues, expenditures and changes in fund balances, and the inventory on hand at June 30, 2006, is not reported on the combined balance sheet. The changes in Federal surplus personal property inventory during the fiscal year ended June 30, 2006, were as follows (in thousands):

Balance July 1, 2005	\$	12,033
Additions		
Property Received		<u>5,783</u>
	\$	17,816
Deductions		
Property Donated and		
Other Distributions		<u>9,776</u>
Balance June 30, 2006	\$	<u><u>8,040</u></u>

### Note 14. Contingencies

#### A. Grants and Contracts

Amounts received or receivable from grantor agencies are subject to audit and review by grantor agencies, principally the Federal government. This could result in a request for reimbursement by the grantor agency for any expenditures which are disallowed under grant terms. The State believes that such disallowances, if any, will be immaterial to its overall financial position.

#### B. Litigation

The State is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine governmental operations. The ultimate disposition of these proceedings is not presently determinable. However, the ultimate disposition of these proceedings would not have a material adverse effect on the financial condition of the State, with the following exceptions:

#### Primary Government

A suit has been filed against the Department of Human Resources ("DHR") by a custodial parent receiving child support enforcement services from the Department of Human Resources' Office of Child Support Services ("OCSS"). The plaintiff filed an action seeking class certification on behalf of all custodial parents who have ever received services from OCSS, alleging contractual and tort-based claims for damages based on OCSS's alleged failure to collect statutory interest charges that may have accrued on the plaintiff's child support judgment. DHR was granted summary judgment in its favor, and the case was dismissed. However, Plaintiff's time to file an appeal has not yet expired and an appeal is expected. If the appeal is granted and the plaintiff were to succeed in obtaining class certification and to prevail on her claims, the State's estimated potential liability could be \$400 million or greater. OCSS contends that it has good and adequate defenses against the plaintiff's claim and intends to defend the suit vigorously on its merits and to oppose the granting of class certification.

A suit has also been filed against the Department of Human Resources ("DHR") by nine foster children in the custody of the Department, on behalf of a class of foster children in Fulton and DeKalb Counties, alleging systemic failures and deficiencies in the foster care program. The parties have agreed to undertake a series of improvements in the system and that the plaintiffs are prevailing parties entitled to an award of reasonable attorney's fees and expenses. The Court entered an Order awarding \$10.5 million in attorneys' fees and \$740 thousand in expenses. DHR has appealed. Plaintiffs have cross-appealed.

A civil action has been filed against the Teachers' Retirement System of Georgia ("TRS") seeking additional benefits retroactive to the time of each individual plaintiffs' respective retirement dates for a class of those retirees who elected survivorship options and who retired between 1983 and February 1, 2003, in the retirement plan administered by TRS. Plaintiffs allege that they are due such additional benefits for monies lost due to TRS' allegedly inappropriate use of option factors and the mortality tables implicit in them to calculate retirees' monthly benefits. Cross motions for summary judgment were pending, after a hearing held May 4, 2005. The motion for summary judgment of TRS and its Trustees was granted by order on January 9, 2006. Plaintiffs appealed, and on October 30, 2006, the Georgia Supreme Court reversed, holding that TRS should have used more current mortality tables in determining option factors. The Court remanded the case for the trial court to determine "whether, under the more current mortality tables, the appellants' optional-plan and maximum-plan benefits were actuarially equivalent" and to determine the applicable

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 14. Contingencies (continued)

statute of limitations along with other matters. TRS moved for reconsideration, and the Court has not yet ruled on the motion.

In a related case, a suit has been filed on behalf of another plaintiff by the same lawyers who represent the plaintiff in the previous case. The suit contains the exact same claims as the previous case, and was filed in order to obtain class certification for all affected TRS beneficiaries. A scheduling conference was held on November 6, 2006, and the trial court has under advisement Defendants' motion to transfer venue the setting of a date for a hearing on class certification.

A suit has been filed against the Georgia State Financing and Investment Commission ("GSFIC") involving a third-party action by the joint venture construction manager for the Georgia World Congress Center Phase IV expansion project based upon indemnity from a number of subcontractors' claims and the construction manager's own delay and disruption claims, all based upon a number of different construction situations. The subcontractors' claims of approximately \$50 million were submitted to arbitration, with a ruling issued on April 21, 2005, denying the vast majority of claims and awarding approximately \$5 million to the subcontractors. Court directed mediation commenced in late October 2005. The construction manager has included the arbitration awards in its overall mediation claim against GSFIC totaling approximately \$32 million. GSFIC asserted counterclaims totaling \$28 million and has withheld retainage of \$8 million as a set-off to fund the GSFIC claims. The mediation was suspended for nearly a year while other avenues for compensation were pursued, but recently reconvened and suspended again in September 2006. Certain of the parties wish to reconvene the mediation one more time prior to trial, which is anticipated to be placed on the calendar in the summer of 2007. GSFIC believes it has good and valid defenses to many if not all of the asserted claims and intends to defend its position and to vigorously pursue its counterclaims.

A suit has been filed against the State of Georgia in a challenge to the State's system of funding public education. The suit, brought predominantly by rural school districts, claims funding is inadequate as a matter of law and violates the equal protection clause of the Georgia Constitution. Plaintiffs seek to enjoin the current funding system and do not seek damages. If the plaintiffs' theories prevail, the cost to the State would be significant. However, the State believes substantially the same issues have already been settled favorably in a previous suit and is contesting the claims vigorously. The matter is currently in discovery following the granting in part of a motion to dismiss by the

State Defendants. The Defendants anticipate that discovery will take at least six more months followed by a motion for summary judgment or trial on the merits.

A suit has been filed against the Department of Transportation ("DOT") by a plaintiff alleging breach of contract and seeking damages. The contract actions involve (1) a declaratory judgment action filed in Coffee County where plaintiff's main office and headquarters are located and (2) similar lawsuits in Fulton County and Turner County. In the Turner County case, the plaintiffs allege that DOT improperly condemned or stopped work on several road projects for violation of specifications regarding lime content in asphalt. DOT has counterclaimed for the improper work. The lime content affects the life of the project, and the issues in the case have revolved around reliability of testing. The plaintiff seeks approximately \$11 million in damages and may also seek attorney fees. A date for trial has not yet been set.

### C. Guaranteed Loans

#### Component Units

The Federal Government, through the Guaranteed Student Loan Programs of the U. S. Department of Education, fully reinsured loans guaranteed through September 30, 1993, until the State's rate of annual losses (defaults) exceeded five percent (5%). In the event of future adverse loss experience, the State could be liable for up to (1) twenty percent (20%) of the outstanding balance of loans in repayment status at the beginning of each year which were disbursed prior to October 1, 1993, and (2) twenty-two percent (22%) of the outstanding balance of loans in repayment status at the beginning of each year which were disbursed on or after October 1, 1993.

### Note 15. Subsequent Events

#### Primary Government

##### *General Obligation Bonds Issued*

The State issued General Obligation Bonds in the amount of \$99.19 million on July 1, 2006, (Series 2006D) and in the amount of \$578.765 million on October 1, 2006 (Series 2006F and 2006G). The State issued Taxable General Obligation Bonds in the amount of \$56 million on July 1, 2006 (Series 2006E). Proceeds of the bonds will be used to finance various capital acquisitions.

##### *General Obligation Variable Rate Demand Bonds*

On December 21, 2006, the State issued \$300 million of General Obligation Variable Rate Demand Bonds (Series 2006 H-1, 2006 H-2 and 2006 H-3). Proceeds of the bonds will be used to finance certain projects and facilities for the Department of Transportation.

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 16. Retirement Systems

The State's significant retirement systems are described below:

#### *Employees' Retirement System of Georgia*

##### **Plan Description**

Employees' Retirement System of Georgia ("ERS") is a single-employer, defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees and has the powers and privileges of a corporation. ERS issues a publicly available financial report that includes the applicable financial statements and required supplementary information. The report may be obtained at the ERS offices.

On November 20, 1997, the Board created the Supplemental Retirement Benefit Plan ("SRBP") of ERS. SRBP was established as a qualified governmental excess benefit plan in accordance with Section 415 of the Internal Revenue Code ("IRC") as a portion of ERS. The purpose of the SRBP is to provide retirement benefits to employees covered by ERS whose benefits are otherwise limited by IRC Section 415. Beginning January 1, 1998, all members and retired former members in ERS are eligible to participate in the SRBP whenever their benefits under ERS exceed the limitation on benefits imposed by IRC Section 415.

##### **Benefits**

The benefit structure of ERS was significantly modified on July 1, 1982. Unless the employee elects otherwise, an employee who currently maintains membership with ERS based upon State employment that started prior to July 1, 1982, is an "old plan" member subject to the plan provisions in effect prior to July 1, 1982. All other members are "new plan" members subject to the modified plan provisions.

Under both the old and new plans, a member may retire and receive normal retirement benefits after completion of ten (10) years of creditable service and attainment of age sixty (60) or thirty (30) years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after twenty-five (25) years of creditable service for members under age sixty (60).

Retirement benefits paid to members are based upon the monthly average of the member's highest twenty-four (24) consecutive calendar months, multiplied by the number of

years of creditable service, multiplied by the applicable benefit factor. Annually, post-retirement cost-of-living adjustments are also made to members' benefits. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

##### **Summary of Significant Accounting Policies**

The financial statements are prepared on the accrual basis of accounting. Contributions from the employer and members are recognized as additions in the period in which the members provide services. Retirement and refund payments are recognized as deductions when due and payable. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price. No investment in any one organization except the U. S. Government represents five percent (5%) or more of the net assets available for pension benefits.

##### **Funding Policy**

Member contributions under the old plan are four percent (4%) of annual compensation up to \$4,200 plus six percent (6%) of annual compensation in excess of \$4,200. Under the old plan, the State pays member contributions in excess of one and one-quarter percent (1.25%) of annual compensation. Under the old plan, these State contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan are one and one-quarter percent (1.25%) of annual compensation. The State is required to contribute at a specified percentage of active member payroll determined annually by actuarial valuation. The State contributions are not at any time refundable to the member or his/her beneficiary.

##### **Annual Pension Cost**

The required contribution for 2006 was determined as part of the June 30, 2003, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) seven and one-quarter percent (7.25%) investment rate of return, (b) projected salary increases of five and forty-five one-hundredths percent (5.45%) to nine and one-quarter percent (9.25%) per year, and (c) an inflation rate of three and three-quarters percent (3.75%) per year.

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. ERS' actuarial funding excess is being amortized as a level



# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 16. Retirement Systems (continued)

percentage of projected payroll on an open basis. The employer contributions are projected to liquidate the unfunded actuarial liability over six (6) years based upon the actuarial valuation at June 30, 2005, on the assumption that the total payroll of active members will increase by three and three-quarters percent (3.75%) each year.

#### **Three-Year Trend Information for ERS (in thousands):**

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2003	246,172	100%	0
2004	245,388	100%	0
2005	243,074	100%	0

#### ***Regents Retirement Plan***

##### **Plan Description**

The Regents Retirement Plan, a single-employer defined contribution plan, is an optional retirement plan established by the General Assembly of Georgia and administered by the Board of Regents of the University System of Georgia (Proprietary Fund – Higher Education), under which an eligible faculty member or principal administrator may purchase annuity contracts for the purpose of receiving retirement and death benefits. The four (4) approved vendors (AIG-VALIC, American Century, Fidelity, and TIAA-CREF) have separately issued financial reports, which may be obtained through their respective corporate offices.

##### **Benefits**

Benefits depend solely on amounts contributed to the plan plus investment earnings. Benefits are payable to participating employees or their beneficiaries in accordance with the terms of the annuity contracts.

##### **Funding Policy**

The University System of Georgia makes monthly employer contributions for the Regents Retirement Plan at rates adopted by the Teachers Retirement System of Georgia Board of Trustees in accordance with State statute and as advised by their independent actuary. For fiscal year 2006, the employer contribution was nine and sixty-five one-hundredths percent (9.65%) of the participating employee's earnable compensation. Employees contribute five percent

(5%) of their earnable compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times. In 2006, employer and employee contributions were \$66.77 million (9.65%) and \$34.582 million (5%), respectively.

#### ***Teachers' Retirement System of Georgia***

##### **Plan Description**

The Teachers' Retirement System of Georgia ("TRS") is a cost-sharing multiple-employer plan created in 1943 by an act of the Georgia General Assembly to provide retirement benefits for qualifying employees in educational service. A Board of Trustees comprised of active and retired members and ex-officio State employees is ultimately responsible for the administration of TRS. TRS issues a publicly available financial report that includes the applicable financial statements and required supplementary information. The report may be obtained at the TRS offices.

On October 25, 1996, the Board created the Supplemental Retirement Benefit Plan of the Georgia Teachers ("SRBP"). SRBP was established as a qualified governmental excess benefit plan in accordance with Section 415 of the Internal Revenue Code ("IRC") as a portion of TRS. The purpose of SRBP is to provide retirement benefits to employees covered by TRS whose benefits are otherwise limited by IRC Section 415. Beginning July 1, 1997, all members and retired former members in TRS are eligible to participate in the SRBP whenever their benefits under TRS exceed the IRC Section 415 imposed limitation on benefits.

##### **Benefits**

TRS provides service retirement, disability retirement, and survivor's benefits. Title 47 of the Official Code of Georgia assigns the authority to establish and amend the provisions of TRS to the State legislature. A member is eligible for normal service retirement after thirty (30) years of creditable service, regardless of age, or after ten (10) years of service and attainment of age sixty (60). A member is eligible for early retirement after twenty-five (25) years of creditable service.

Normal retirement (pension) benefits paid to members are equal to two percent (2%) of the average of the member's two (2) highest paid consecutive years of service, multiplied by the number of years of creditable service up to forty (40) years. Early retirement benefits are reduced by the lesser of one-twelfth (1/12) of seven percent (7%) for each month the member is below age sixty (60), or by seven percent (7%) for each year or fraction thereof by which the member has less than thirty (30) years of service. It is also assumed that

# State of Georgia

## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 16. Retirement Systems (continued)

certain cost-of-living adjustments, based on the Consumer Price Index, will be made in future years. Retirement benefits are payable monthly for life. Death, disability and spousal benefits are also available.

#### Summary of Significant Accounting Policies

The financial statements of TRS are prepared on the accrual basis of accounting. Contributions from the employers and members are recognized as additions when due, pursuant to formal commitments, as well as statutory or contractual requirements. Retirement and refund payments are recognized as deductions when due and payable. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price. No investment in any one organization, except the U. S. Government, represents five percent (5%) or more of the net assets available for pension benefits.

#### Funding Policy

TRS is funded by member and employer contributions as adopted and amended by the Board of Trustees. Member contributions are five percent (5%) of annual salary, and employer contributions are nine and twenty-four one-hundredths percent (9.24%), as required by the June 30, 2003, actuarial valuation. The State's contributions to TRS for the years ending June 30, 2006, 2005, and 2004 were \$128.265 million, \$123.865 million, and \$123.832 million, respectively, and were equal to the required contributions for each year.

### Note 17. Postemployment Benefits

In addition to the pension benefits described in Note 15, the State of Georgia provides postretirement health care benefits through the State Health Benefit Plan to retirees pursuant to Title 45, Chapter 18 of the OCGA. An individual eligible for these benefits must have been a full time employee at the time of retirement of either the State of Georgia or a county social service agency and must be receiving monthly retirement benefits from either the Employees' Retirement System of Georgia or a county employees' retirement system. The State Health Benefit Plan is a public entity risk pool funded by employee and employer contributions. Employees and retirees subject to the Plan contribute amounts determined by the Board of Community Health for various health insurance plans. The various agencies of the State contribute to the health insurance fund based upon

amounts recommended by the Board and set forth in the Appropriations Act. The State Health Benefit Plan is funded on a "pay-as-you-go" basis. Expenses of the Plan include provisions for incurred but not reported claims.

As of June 30, 2006, there were 28,131 employees who had retired and were receiving postretirement health care benefits through the State Health Benefit Plan. For the fiscal year ended June 30, 2006, the State recognized expenses of \$119.434 million, which were net of retiree contributions of \$44.48 million.

Pursuant to the general powers conferred by OCGA Section 20-3-31, the Board of Regents of the University System of Georgia (college and university fund) has established group health and life insurance programs for regular employees of the University System. It is the policy of the Board of Regents to permit employees of the University System eligible for retirement or that become permanently and totally disabled to continue as members of the group health and life insurance programs. Employees who are eligible for retirement or disability under the criteria established by the Teachers Retirement System and who have at least ten years of service with the University System are eligible for these postemployment health and life insurance benefits. The University System pays the employer portion for group insurance for affected individuals. As of June 30, 2006, there were 12,597 employees who had retired or were disabled that were receiving these post-employment health and life insurance benefits. For the fiscal year ended June 30, 2006, the University System recognized expenses of \$54.377 million, which were net of participant contributions of \$20.018 million.

The Governmental Accounting Standards Board (GASB) issued Statement 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which the State will implement for the fiscal year beginning July 1, 2006, and Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which the State will implement for the fiscal year beginning July 1, 2007. GASB Statements 43 and 45 require that the long-term cost of retirement health care and other obligations for postemployment benefits be determined on an actuarial basis and reported similar to pension plans. Actuarial studies based on fiscal year 2005 data and current plan provisions are in process and reports are expected to be issued in early 2007.

In response to the GASB Statements, the General Assembly has made statutory changes to create a trust fund, in which employer contributions for future retiree health costs may be accumulated and invested, and which is expected to facilitate the separate financial reporting of these benefits. The Board of Regents has under consideration comparable

# State of Georgia

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## Notes to the Financial Statements For the Year Ended June 30, 2006

### Note 17. Postemployment Benefits (continued)

procedures pursuant to its separate powers of governance. However, the State's participation in the costs of the health benefit plans remains subject to the annual appropriations process, and the plan terms, benefits and cost to participants remain within the discretion of the Board of Community Health and the Board of Regents. This is not changed by the GASB Statements, which are financial reporting standards and do not govern fiscal management or establish legal requirements.

### Note 18. Deficit Fund Balances/Net Assets

The following organizations/funds had deficit balances at June 30, 2006.

#### Primary Government

##### *Internal Service Funds*

*Agency for Removal of Hazardous Materials* – At June 30, 2006, the agency had an unrestricted net assets deficit of \$269 thousand.

#### Component Units

*Georgia Agricultural Exposition Authority* – At June 30, 2006, the Authority had an unrestricted net assets deficit of \$33 thousand.

*Georgia Lottery Corporation* – At June 30, 2006, the Corporation had an unrestricted net assets deficit of \$5.694 million, and a total net assets deficit of \$1.845 million. This deficit is primarily the result of a \$15.4 million unrealized loss in the fair value of investments held for funding future grand prize payments.

*Lake Lanier Islands Development Authority* - At June 30, 2006, the Authority had an unrestricted net assets deficit of \$4.253 million.

*North Georgia Mountains Authority* – At June 30, 2006, the Authority had an unrestricted net assets deficit of \$10.327 million, and a total net assets deficit of \$63 thousand.

*State Road and Tollway Authority* – At June 30, 2006, the Authority had an unrestricted net assets deficit of \$499.297 million, and a total net assets deficit of \$485.506 million. This deficit is the result of a timing difference in the flow of the Authority's assets (bond proceeds) and liabilities (bond debt). Bond proceeds are disbursed over a three- to five-year construction period (the resulting assets are not capital assets of the Authority); whereas the bond debt obligations generally have maturity periods of twenty years.

*Georgia College and State University Foundation* – At June 30, 2006, the Foundation had an unrestricted net assets deficit of \$1.610 million.

*Georgia Southern University Housing Foundation, Incorporated* – At June 30, 2006, the Foundation had an unrestricted net assets deficit of \$480 thousand.

*Georgia Tech Facilities, Incorporated* – At June 30, 2006, the Corporation had an unrestricted net assets deficit of \$49.143 million.

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## REQUIRED SUPPLEMENTARY INFORMATION

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# State of Georgia

## Required Supplementary Information For the Fiscal Year Ended June 30, 2006

### Employees' Retirement System of Georgia

#### *Schedule of Funding Progress*

(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability ("AAL") - Entry Age (b)	Unfunded AAL/(Funding Excess) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL/(Funding Excess) as a Percentage of Covered Payroll  (b-a) / c
6/30/03	\$ 12,428,736	\$ 12,370,563	\$ (58,173)	100.5%	\$ 2,489,490	(2.3%)
6/30/04	12,797,389	13,106,648	309,259	97.6%	2,445,619	12.6%
6/30/05	13,134,472	13,512,773	378,301	97.2%	2,514,430	15.0%

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund For the Fiscal Year Ended June 30, 2006 (expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b><u>Funds Available (Inflows)</u></b>				
<b>Revenues</b>				
State Appropriation				
State General Funds	\$ 15,644,650	\$ 16,024,670	\$ 16,021,767	\$ (2,903)
Brain and Spinal Injury Trust Fund	3,000	3,000	3,000	0
Lottery Funds	811,630	811,630	771,420	(40,210)
State Motor Fuel Funds	790,000	850,940	850,940	0
Tobacco Settlement Funds	156,627	156,627	156,627	0
<b>Federal Funds</b>				
Child Care and Development Block Grant	74,026	177,039	144,633	(32,406)
Child Care Mandatory and Matching Funds	29,700	33,159	80,373	47,214
Community Mental Health Services Block Grant	12,840	14,929	14,388	(541)
Community Services Block Grant	17,185	17,712	17,748	36
Federal Transit - Capital Investment Grants	12,858	21,276	16,339	(4,937)
Foster Care Title IV-E	66,741	124,761	53,116	(71,645)
Highway Planning and Construction	1,100,000	1,102,657	1,513,152	410,495
Low-Income Home Energy Assistance	18,930	41,020	37,365	(3,655)
Maternal and Child Health Services Block Grant	17,348	23,093	17,816	(5,277)
Medical Assistance Program	4,312,860	4,868,985	4,205,471	(663,514)
Prevention and Treatment of Substance Abuse Block Grant	50,960	58,156	431	(57,725)
Preventive Health and Health Services Block Grant	4,204	5,472	3,050	(2,422)
Social Services Block Grant	78,971	79,059	72,066	(6,993)
State Children's Insurance Program	182,173	252,044	182,908	(69,136)
Temporary Assistance for Needy Families	334,722	357,106	447,227	90,121
Federal Funds Not Itemized	2,285,936	3,723,485	2,837,348	(886,137)
Other Funds	5,982,551	8,344,687	6,301,125	(2,043,562)
Total Revenues	\$ 31,987,912	\$ 37,091,507	\$ 33,748,310	\$ (3,343,197)
Prior Year Reserves Available for Expenditure	—	194,765	2,352,325	2,157,560
Total Funds Available	\$ 31,987,912	\$ 37,286,272	\$ 36,100,635	\$ (1,185,637)
<b><u>Expenditures (outflows)</u></b>				
<b><i>Section 1: Georgia Senate</i></b>				
Lieutenant Governor's Office	\$ 813	\$ 814	\$ 715	\$ 99
Secretary of the Senate's Office	1,212	1,279	1,118	161
Senate	6,690	6,937	5,833	1,104
Senate Budget and Evaluation Office	1,000	1,000	858	142
Total Georgia Senate	\$ 9,715	\$ 10,030	\$ 8,524	\$ 1,506
<b><i>Section 2: Georgia House of Representatives</i></b>				
House of Representatives	\$ 17,217	\$ 18,248	\$ 15,682	\$ 2,566
<b><i>Section 3: Georgia General Assembly Joint Offices</i></b>				
Ancillary Activities	\$ 4,934	\$ 8,158	\$ 7,227	\$ 931
Legislative Fiscal Office	2,209	2,222	2,122	100
Office of Legislative Counsel	3,011	3,021	2,401	620
Total Georgia General Assembly Joint Offices	\$ 10,154	\$ 13,401	\$ 11,750	\$ 1,651
<b><i>Section 4: Audits and Accounts, Department of</i></b>				
Departmental Administration	\$ 1,597	\$ 1,597	\$ 1,556	\$ 41
Financial Audits	22,832	22,451	22,340	111
Information Systems Audits	1,077	1,077	1,072	5
Legislative Services	111	111	100	11
Performance Audits	2,426	2,427	2,343	84
Statewide Equalized Adjusted Property Tax Digest	2,052	2,052	1,980	72
Total Audits and Accounts, Department of	\$ 30,095	\$ 29,715	\$ 29,391	\$ 324
<b><i>Section 5: Appeals, Court of</i></b>				
Court of Appeals	\$ 12,628	\$ 14,088	\$ 14,088	\$ 0



# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund For the Fiscal Year Ended June 30, 2006 (expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Section 6: Judicial Council</b>				
Georgia Office of Dispute Resolution	\$ 363	\$ 552	\$ 362	\$ 190
Institute of Continuing Judicial Education	1,126	1,341	1,334	7
Judicial Council	10,629	13,351	12,488	863
Judicial Qualifications Commission	258	258	258	0
Resource Center	800	800	800	0
<b>Total Judicial Council</b>	<b>\$ 13,176</b>	<b>\$ 16,302</b>	<b>\$ 15,242</b>	<b>\$ 1,060</b>
<b>Section 7: Juvenile Courts</b>				
Council of Juvenile Court Judges	\$ 1,519	\$ 2,580	\$ 2,251	\$ 329
Grants to Counties for Juvenile Court Judges	4,715	4,815	4,815	0
<b>Total Juvenile Courts</b>	<b>\$ 6,234</b>	<b>\$ 7,395</b>	<b>\$ 7,066</b>	<b>\$ 329</b>
<b>Section 8: Prosecuting Attorneys</b>				
District Attorneys	\$ 45,692	\$ 49,268	\$ 50,311	\$ (1,043)
Prosecuting Attorney's Council	---	6,297	6,411	(114)
<b>Total Prosecuting Attorneys</b>	<b>\$ 45,692</b>	<b>\$ 55,565</b>	<b>\$ 56,722</b>	<b>\$ (1,157)</b>
<b>Section 9: Public Defender Standards Council, Georgia</b>				
Public Defender Standards Council	\$ 11,167	\$ 9,497	\$ 9,270	\$ 227
Public Defenders	32,885	30,942	48,079	(17,137)
<b>Total Public Defender Standards Council, Georgia</b>	<b>\$ 44,052</b>	<b>\$ 40,439</b>	<b>\$ 57,349</b>	<b>\$ (16,910)</b>
<b>Section 10: Superior Courts</b>				
Council of Superior Court Clerks	\$ 145	\$ 145	\$ 145	\$ 0
Council of Superior Court Judges	---	883	877	6
Judicial Administrative Districts	2,254	2,254	2,215	39
Statewide Felony and Juvenile Drug Courts	1,000	1,000	1,000	0
Superior Court Judges	48,090	48,175	48,156	19
<b>Total Superior Courts</b>	<b>\$ 51,489</b>	<b>\$ 52,457</b>	<b>\$ 52,393</b>	<b>\$ 64</b>
<b>Section 11: Supreme Court</b>				
Supreme Court of Georgia	\$ 7,648	\$ 7,648	\$ 7,682	\$ (34)
<b>Section 12: Accounting Office, State</b>				
State Accounting Office	\$ 10,580	\$ 13,620	\$ 13,615	\$ 5
<b>Section 13: Administrative Services, Department of</b>				
Bulk Paper Sales	\$ 2,354	\$ 0	\$ 0	\$ 0
Departmental Administration	5,544	4,841	4,379	462
Fiscal Services	307	307	297	10
Fleet Management	2,409	2,565	2,543	22
Mail and Courier	1,281	1,376	1,148	228
Risk Management	137,264	137,264	124,413	12,851
Service Contract Management	140	0	0	0
Space Management	372	0	0	0
State Purchasing	18,792	25,973	22,773	3,200
Surplus Property	1,885	2,486	2,486	0
U.S. Post Office	161	196	196	0
Payments to Georgia Building Authority	2,331	0	0	0
Payments to Golf Hall Of Fame Authority	59	0	0	0
Payments to Georgia Technology Authority	750	750	397	353
Administrative Hearings, Office of State	4,319	4,484	4,069	415
Properties Commission, State	559	0	0	0
Treasury and Fiscal Services, Office of	2,731	2,893	2,542	351
Payments to Aviation Hall of Fame	50	0	0	0
Health Planning Review Board	60	60	60	0
Hazardous Materials, Agency for the Removal of	85	85	85	0
<b>Total Administrative Services, Department of</b>	<b>\$ 181,453</b>	<b>\$ 183,280</b>	<b>\$ 165,388</b>	<b>\$ 17,892</b>

(continued)

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund (continued) For the Fiscal Year Ended June 30, 2006 (expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Section 14: Agriculture, Department of</b>				
Athens and Tifton Veterinary Laboratories	\$ 3,271	\$ 3,271	\$ 3,271	\$ 0
Consumer Protection	28,302	30,438	30,428	10
Departmental Administration	6,266	9,830	9,828	2
Marketing and Promotion	8,731	10,931	10,930	1
Poultry Veterinary Diagnostic Labs	3,035	3,486	3,432	54
<b>Total Agriculture, Department of</b>	<b>\$ 49,605</b>	<b>\$ 57,956</b>	<b>\$ 57,889</b>	<b>\$ 67</b>
<b>Section 15: Banking and Finance, Department of</b>				
Chartering, Licensing and Applications/Non-Mortgage	\$ 496	\$ 496	\$ 479	\$ 17
Consumer Protection and Assistance	516	516	481	35
Departmental Administration	1,645	1,646	1,660	(14)
Financial Institution Supervision	6,581	6,666	6,392	274
Mortgage Supervision	1,738	1,864	1,824	40
<b>Total Banking and Finance, Department of</b>	<b>\$ 10,976</b>	<b>\$ 11,188</b>	<b>\$ 10,836</b>	<b>\$ 352</b>
<b>Section 16: Community Affairs, Department of</b>				
Building Construction	\$ 451	\$ 474	\$ 471	\$ 3
Coordinated Planning	3,834	3,863	3,842	21
Departmental Administration	4,743	5,482	5,295	187
Environmental Education and Assistance	974	1,319	1,299	20
Federal Community and Economic Development Programs	38,616	61,947	57,638	4,309
Homeownership Programs	4,014	4,149	3,775	374
Local Assistance Grants	3,881	4,595	4,593	2
Payments to Georgia Medical Center Authority	250	0	0	0
Payment to the State Housing Trust Fund	4,205	5,017	4,513	504
Regional Services	3,072	3,634	3,548	86
Rental Housing Programs	62,831	127,854	110,281	17,573
Research and Surveys	666	689	523	166
State Community Development Programs	1,690	1,314	1,263	51
State Economic Development Program	3,716	4,445	4,422	23
Payments to Georgia Environmental Facilities Authority	700	900	900	0
Payments to Georgia Music Hall of Fame Authority	767	0	0	0
Payments to Georgia Sports Hall of Fame Authority	725	0	0	0
Payments to Georgia Regional Transportation Authority	4,361	4,363	4,363	0
Payments to OneGeorgia Authority	47,123	47,540	47,533	7
<b>Total Community Affairs, Department of</b>	<b>\$ 186,619</b>	<b>\$ 277,585</b>	<b>\$ 254,259</b>	<b>\$ 23,326</b>
<b>Section 17: Community Health, Department of</b>				
Departmental Administration and Program Support	\$ 267,224	\$ 426,147	\$ 377,728	\$ 48,419
Health Care Access and Improvement	6,400	13,712	9,362	4,350
Indigent Care Trust Fund	368,267	296,932	286,846	10,086
Medicaid: Aged, Blind, and Disabled	3,586,372	4,363,605	3,529,666	833,939
Medicaid: Low-Income Medicaid	2,631,015	2,461,585	2,279,579	182,006
Nursing Home Provider Fees	248,196	242,657	242,657	0
PeachCare	241,497	337,722	243,481	94,241
State Health Benefit Plan	1,959,882	2,202,001	2,181,900	20,101
Composite Board of Medical Examiners	2,136	2,329	2,329	0
Physician Workforce, Georgia Board of:				
Board Administration	533	533	523	10
Graduate Medical Education	6,502	6,502	6,387	115
Mercer School of Medicine Grant	17,961	17,961	17,961	0
Morehouse School of Medicine Grant	10,142	10,142	10,142	0
Undergraduate Medical Education	3,429	3,429	3,429	0
Medical Education Board, State	1,353	1,503	1,407	96
<b>Total Community Health, Department of</b>	<b>\$ 9,350,909</b>	<b>\$ 10,386,760</b>	<b>\$ 9,193,397</b>	<b>\$ 1,193,363</b>

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund For the Fiscal Year Ended June 30, 2006 (expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
<b>Section 18: Corrections, Department of</b>				
Bainbridge Probation Substance Abuse Treatment Center	\$ 3,254	\$ 3,896	\$ 3,650	\$ 246
Compensation Per General Assembly Resolutions	512	712	696	16
County Jail Subsidy	12,155	14,583	14,583	0
Departmental Administration	54,848	63,302	59,020	4,282
Detention Centers	47,167	50,346	48,102	2,244
Food and Farm Operations	12,625	14,833	14,335	498
Health	160,007	180,357	179,183	1,174
Offender Management	44,119	44,301	44,048	253
Parole Revocation Centers	3,895	4,523	4,450	73
Private Prisons	72,518	76,688	76,688	0
Probation Diversion Centers	16,173	15,013	13,991	1,022
Probation Supervision	68,633	70,675	68,933	1,742
State Prisons	442,582	529,544	487,226	42,318
Transitional Centers	20,313	23,235	22,799	436
<b>Total Corrections, Department of</b>	<b>\$ 958,801</b>	<b>\$ 1,092,008</b>	<b>\$ 1,037,704</b>	<b>\$ 54,304</b>
<b>Section 19: Defense, Department of</b>				
Civil Support	\$ 9,024	\$ 9,213	\$ 9,014	\$ 199
Departmental Administration	2,516	2,399	2,394	5
Facilities Management	34,115	27,729	25,164	2,565
Military Readiness	476	1,102	1,115	(13)
<b>Total Defense, Department of</b>	<b>\$ 46,131</b>	<b>\$ 40,443</b>	<b>\$ 37,687</b>	<b>\$ 2,756</b>
<b>Section 20: Driver Services, Department of</b>				
Commercial Vehicle and HOV Enforcement	\$ 13,688	\$ 0	\$ 0	\$ 0
Customer Service Support	—	9,387	9,389	(2)
Departmental Administration	4,949	0	0	0
License Issuance	42,559	40,650	40,650	0
Motorcycle Safety	—	814	814	0
Regulatory Compliance	—	1,920	1,777	143
Salvage Inspection	1,560	0	0	0
Tag and Title Registration	26,017	0	0	0
<b>Total Driver Services, Department of</b>	<b>\$ 88,773</b>	<b>\$ 52,771</b>	<b>\$ 52,630</b>	<b>\$ 141</b>
<b>Section 21: Early Care and Learning, Department of</b>				
Child Care Services	\$ 4,700	\$ 7,781	\$ 7,696	\$ 85
Nutrition	88,001	96,500	95,503	997
Pre-Kindergarten Program	290,297	290,979	290,432	547
Quality Initiatives	870	18,590	18,590	0
<b>Total Early Care and Learning, Department of</b>	<b>\$ 383,868</b>	<b>\$ 413,850</b>	<b>\$ 412,221</b>	<b>\$ 1,629</b>
<b>Section 22: Economic Development, Department of</b>				
Business Recruitment and Expansion	\$ 6,784	\$ 8,805	\$ 8,783	\$ 22
Departmental Administration	6,214	6,270	6,240	30
Film, Music, and Video	1,012	894	892	2
International Relations and Trade	2,057	2,012	2,006	6
Office of Science and Technology Business Development	1,564	1,514	1,510	4
Small and Minority Business Development	944	884	863	21
Tourism	11,096	11,456	11,354	102
Payments to Aviation Hall of Fame	—	50	50	0
Payments to Golf Hall of Fame Authority	—	59	59	0
Payments to Georgia Medical Center Authority	—	250	250	0
Payments to Georgia Music Hall of Fame Authority	—	1,561	1,560	1
Payments to Georgia Sports Hall of Fame Authority	—	726	726	0
<b>Total Economic Development, Department of</b>	<b>\$ 29,671</b>	<b>\$ 34,481</b>	<b>\$ 34,293</b>	<b>\$ 188</b>

(continued)

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund (continued) For the Fiscal Year Ended June 30, 2006 (expressed in thousands)

	Budgeted Amounts			Variance
	Original	Final	Actual Amounts	Positive (Negative)
<b>Section 23: Education, Department of</b>				
Academic Coach Program	\$ 3,899	\$ 3,699	\$ 3,665	\$ 34
Agricultural Education	8,000	13,078	10,704	2,374
Central Office	78,258	99,035	65,569	33,466
Charter Schools	7,500	7,867	4,519	3,348
Communities in Schools	1,321	1,321	1,321	0
Curriculum Development	1,775	1,775	1,508	267
Federal Programs	817,561	1,253,929	1,107,613	146,316
Foreign Language	1,591	1,591	1,531	60
Georgia Learning Resources System	5,117	8,943	8,285	658
Georgia Virtual School	1,385	1,927	1,672	255
Georgia Youth Science and Technology	689	689	689	0
Governor's Honors Program	1,417	1,417	1,029	388
Information Technology Services	7,497	7,497	7,485	12
National Board Certification	11,038	10,858	10,778	80
National Science Center and Foundation	1,417	1,417	1,417	0
Non Quality Basic Education Formula Grants	7,689	7,689	7,655	34
Nutrition	224,393	526,322	436,550	89,772
Preschool Handicapped	24,008	24,008	24,008	0
Principal Supplements	5,361	5,361	5,361	0
Quality Basic Education Equalization	371,657	384,564	384,564	0
Quality Basic Education Local Five Mill Share	(1,335,476)	(1,334,871)	(1,334,871)	0
Quality Basic Education Program	6,677,382	6,823,367	6,823,217	150
Regional Education Service Agencies	11,473	11,473	11,473	0
School Improvement	11,736	11,736	10,866	870
School Nurses	30,000	30,000	30,000	0
Severely Emotionally Disturbed	72,409	77,891	76,266	1,625
State Interagency Transfers	270,480	275,332	269,800	5,532
State Reading and Math	26,653	26,653	26,653	0
State Schools	19,808	20,455	19,105	1,350
Technology/Career Education	39,873	58,350	48,573	9,777
Testing	27,414	59,521	30,106	29,415
Transportation	158,354	163,354	163,339	15
Tuition for Multi-Handicapped	1,659	1,659	1,659	0
Fund Accounting	—	5,000	5,000	0
<b>Total Education, Department of</b>	<b>\$ 7,593,338</b>	<b>\$ 8,592,907</b>	<b>\$ 8,267,109</b>	<b>\$ 325,798</b>
<b>Section 24: Employees' Retirement System of Georgia</b>				
Georgia Military Pension Fund	\$ 890	\$ 891	\$ 891	\$ 0
System Administration	17,086	19,988	19,171	817
Public School Employees Retirement System	4,222	4,222	4,222	0
Deferred Compensation	—	3,128	2,528	600
<b>Total Employees' Retirement System of Georgia</b>	<b>\$ 22,198</b>	<b>\$ 28,229</b>	<b>\$ 26,812</b>	<b>\$ 1,417</b>
<b>Section 25: Forestry Commission, State</b>				
Commission Administration	\$ 3,971	\$ 4,980	\$ 4,959	\$ 21
Forest Management	3,804	9,614	9,617	(3)
Forest Protection	28,452	34,973	34,311	662
Tree Improvement	119	119	82	37
Tree Seedling Nursery	1,856	1,279	1,281	(2)
<b>Total Forestry Commission, State</b>	<b>\$ 38,202</b>	<b>\$ 50,965</b>	<b>\$ 50,250</b>	<b>\$ 715</b>

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund For the Fiscal Year Ended June 30, 2006 (expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
<i>Section 26: Governor, Office of the</i>				
Child Advocate, Office of the	\$ 716	\$ 976	\$ 861	\$ 115
Governor's Emergency Fund	3,470	3,470	574	2,896
Governor's Office	5,056	8,008	7,782	226
Office of Homeland Security	593	510	510	0
Office of the State Inspector General	791	792	735	57
Emergency Management Agency, Georgia	6,425	77,990	75,586	2,404
Student Achievement, Office of	1,402	1,652	1,052	600
Equal Opportunity, Georgia Commission on	1,083	1,259	1,168	91
Consumer Affairs, Governor's Office of	3,855	5,065	4,582	483
Arts, Georgia Council for the	4,626	4,666	4,532	134
Professional Standards Commission, Georgia	6,692	9,782	8,608	1,174
Payments to the Georgia Cancer Coalition	10,483	0	0	0
Planning and Budget -				
Attached Agency Administration	4,961	4,432	4,297	135
Budget Management and Fiscal Policy	2,332	2,324	2,217	107
Office Administration	1,521	2,206	2,107	99
Planning and Evaluation	900	699	628	71
Research and Management	1,588	3,427	3,356	71
<b>Total Governor, Office of the</b>	<b>\$ 56,494</b>	<b>\$ 127,258</b>	<b>\$ 118,595</b>	<b>\$ 8,663</b>

(continued)

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund (continued) For the Fiscal Year Ended June 30, 2006 (expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Section 27: Human Resources, Department of				
Adolescent Health and Youth Development	\$ 12,758	\$ 13,096	\$ 11,478	\$ 1,618
Adoption Services and Supplements	53,939	63,939	70,159	(6,220)
Adult Protective Services	14,599	15,525	13,719	1,806
Cancer Screening and Prevention	6,262	11,934	11,371	563
Child Care and Parent Services	208,761	259,455	284,879	(25,424)
Child Fatality Review Panel	332	413	387	26
Child Protective Services	230,226	257,900	282,084	(24,184)
Child Support Establishment Collection and Enforcement	67,817	87,245	82,214	5,031
Children with Special Needs	31,324	46,380	41,065	5,315
Chronic Disease Reduction - Health Promotion	1,695	5,298	4,986	312
Chronic Disease Treatment and Control	9,323	13,526	11,829	1,697
Community Care Services Program	60,353	60,353	66,375	(6,022)
Community Services - Adult	425,320	453,054	444,290	8,764
Community Services - Child and Adolescent	100,488	116,381	71,180	45,201
Contracted Client Transportation Services	29,071	35,827	31,413	4,414
Departmental Administration	168,449	237,624	214,629	22,995
Elder Abuse and Fraud Prevention	100	137	115	22
Emergency Preparedness/Bioterrorism	2,567	50,529	29,725	20,804
Energy Assistance	19,368	55,049	51,702	3,347
Epidemiology	5,078	9,601	8,390	1,211
Family Connection	10,605	11,349	11,140	209
Family Violence Services	8,548	12,221	15,226	(3,005)
Food Stamp Program	53,045	63,305	80,139	(16,834)
Health Promotion and Disease Prevention (Wellness)	480	496	489	7
High Risk Pregnant Women and Infants	5,130	5,130	4,813	317
HIV/AIDS	24,881	70,580	63,613	6,967
Home and Community Based Services	52,204	59,290	54,155	5,135
Immunization	17,793	24,396	26,668	(2,272)
Independent and Transitional Living Services	4,445	7,170	6,080	1,090
Infant and Child Health Services	22,447	32,106	23,662	8,444
Injury Prevention	389	2,044	1,513	531
Laboratory Services	10,876	10,454	9,918	536
Medicaid Eligibility Determination	49,861	57,558	82,628	(25,070)
Out of Home Care	299,250	323,865	359,951	(36,086)
Outdoor Therapeutic Program	4,235	4,416	4,244	172
Post Adoption Services	2,821	2,831	1,379	1,452
Pre-Adoption Services	5,392	6,832	8,254	(1,422)
Refugee Health Program	3,775	917	818	99
Refugee Resettlement	3,691	5,445	5,553	(108)
Regulatory Compliance	31,128	32,453	34,822	(2,369)
Sexually Transmitted Diseases Treatment and Control	6,777	8,593	6,105	2,488
State Hospital Facilities	72,986	82,353	91,499	(9,146)
State Hospital Facilities				
Direct Care and Support Services	148,006	154,529	145,768	8,761
Other Care	93,786	83,361	74,141	9,220
Specialty Care	3,057	5,692	7,172	(1,480)
Substance Abuse Prevention	12,182	15,668	13,061	2,607
Support for Needy Families -				
Administration and Family Assistance	70,897	55,390	55,356	34
Basic Assistance	129,188	97,872	87,456	10,416
Work Assistance	65,331	65,825	39,243	26,582
Tobacco Use Prevention	2,211	2,311	17,379	(15,068)
Tuberculosis Treatment and Control	9,017	10,366	9,377	989
Vital Records	2,352	3,022	2,762	260
Women, Infants and Children	84,979	236,219	235,795	424
Women's Health Services	28,009	34,293	29,980	4,313
Children's Trust Fund Commission	6,931	9,392	15,025	(5,633)
Developmental Disabilities, Governor's Council on	2,278	2,448	2,281	167
Brain and Spinal Injury Trust Fund	3,000	4,494	2,646	1,848
Council on Aging	149	149	166	(17)
Assistance to Disabled Children	—	7,600	7,600	0
Total Human Resources, Department of	\$ 2,799,962	\$ 3,405,701	\$ 3,369,867	\$ 35,834

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund For the Fiscal Year Ended June 30, 2006 (expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Section 28: Insurance, Department of</b>				
Departmental Administration	\$ 2,204	\$ 2,205	\$ 1,799	\$ 406
Enforcement	767	791	759	32
Fire Safety	5,992	6,309	6,061	248
Industrial Loan	689	702	625	77
Insurance Regulation	5,396	5,386	5,299	87
Special Fraud	2,803	2,790	2,602	188
<b>Total Insurance, Department of</b>	<b>\$ 17,851</b>	<b>\$ 18,183</b>	<b>\$ 17,145</b>	<b>\$ 1,038</b>
<b>Section 29: Investigation, Georgia Bureau of</b>				
Bureau Administration	\$ 9,871	\$ 9,548	\$ 9,521	\$ 27
Centralized Scientific Services	12,461	15,422	14,945	477
Criminal Justice Information Services	8,722	23,718	15,508	8,210
Georgia Information Sharing and Analysis Center	775	1,898	1,449	449
Regional Forensic Services	7,040	7,998	7,998	0
Regional Investigative Services	19,790	22,225	21,948	277
Special Operations Unit	674	4,310	3,579	731
State Healthcare Fraud Unit	1,092	4,737	3,752	985
Task Forces	1,173	1,565	1,565	0
Criminal Justice Coordinating Council	35,367	83,830	43,270	40,560
<b>Total Investigation, Georgia Bureau of</b>	<b>\$ 96,965</b>	<b>\$ 175,251</b>	<b>\$ 123,535</b>	<b>\$ 51,716</b>
<b>Section 30: Juvenile Justice, Department of</b>				
Community Supervision	\$ 41,051	\$ 41,135	\$ 40,709	\$ 426
Departmental Administration	25,770	28,893	28,502	391
Non-Secure Commitment	49,296	44,009	42,933	1,076
Non-Secure Detention	7,955	9,100	8,193	907
Secure Commitment (YDCs)	88,945	92,424	91,756	668
Secure Detention (RYDCs)	89,629	90,023	89,956	67
Children and Youth Coordinating Council	3,060	11,438	6,227	5,211
<b>Total Juvenile Justice, Department of</b>	<b>\$ 305,706</b>	<b>\$ 317,022</b>	<b>\$ 308,276</b>	<b>\$ 8,746</b>
<b>Section 31: Labor, Department of</b>				
Business Enterprise Program	\$ 1,650	\$ 1,907	\$ 1,855	\$ 52
Department of Labor Administration	14,441	38,575	37,285	1,290
Disability Adjudication Section	55,599	55,599	49,148	6,451
Division of Rehabilitation Administration	4,031	5,909	5,790	119
Georgia Industries for the Blind	11,792	13,021	10,673	2,348
Labor Market Information	2,921	3,044	3,042	2
Roosevelt Warm Springs Institute	30,311	35,968	31,643	4,325
Safety Inspections	2,832	2,827	2,827	0
Unemployment Insurance	46,667	53,156	53,149	7
Vocational Rehabilitation Program	86,044	86,351	83,202	3,149
Workforce Development	98,258	120,055	119,472	583
Commission on Women	93	101	98	3
<b>Total Labor, Department of</b>	<b>\$ 354,639</b>	<b>\$ 416,513</b>	<b>\$ 398,184</b>	<b>\$ 18,329</b>
<b>Section 32: Law, Department of</b>				
Law, Department of	\$ 35,461	\$ 54,714	\$ 54,358	\$ 356
<b>Section 33: State Merit System of Personnel Administration</b>				
Recruitment and Staffing Services	\$ 1,318	\$ 1,322	\$ 1,158	\$ 164
System Administration	4,081	4,270	3,186	1,084
Total Compensation and Rewards	5,031	9,915	8,468	1,447
Workforce Development and Alignment	3,202	5,640	4,959	681
<b>Total State Merit System of Personnel Administration</b>	<b>\$ 13,632</b>	<b>\$ 21,147</b>	<b>\$ 17,771</b>	<b>\$ 3,376</b>

(continued)

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund (continued) For the Fiscal Year Ended June 30, 2006 (expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Section 34: Natural Resources, Department of</b>				
Coastal Resources	\$ 2,494	\$ 6,711	\$ 6,131	\$ 580
Departmental Administration	8,720	10,388	10,219	169
Environmental Protection	86,317	133,225	120,969	12,256
Hazardous Waste Trust Fund	7,674	16,013	5,701	10,312
Historic Preservation	2,449	3,016	2,875	141
Land Conservation	416	436	420	16
Parks, Recreation and Historic Sites	38,995	58,898	58,715	183
Pollution Prevention Assistance	678	1,152	339	813
Solid Waste Trust Fund	1,500	4,183	4,216	(33)
Wildlife Resources	41,630	73,931	67,938	5,993
Payments to Georgia Agricultural Exposition Authority	1,602	2,230	2,230	0
Payments to Georgia Agrirama Development Authority	820	1,121	1,121	0
Civil War Commission	50	50	50	0
Georgia State Games Commission	382	382	50	332
Payments to Lake Allatoona Preservation Authority	100	100	100	0
Payments to Southwest Georgia Railroad Excursion Authority	372	372	372	0
<b>Total Natural Resources, Department of</b>	<b>\$ 194,199</b>	<b>\$ 312,208</b>	<b>\$ 281,446</b>	<b>\$ 30,762</b>
<b>Section 35: Pardons and Paroles, State Board of</b>				
Board Administration	\$ 4,426	\$ 4,857	\$ 4,813	\$ 44
Clemency Decisions	9,769	9,908	9,894	14
Parole Supervision	33,015	34,399	34,387	12
Victim Services	517	518	490	28
<b>Total Pardons and Paroles, State Board of</b>	<b>\$ 47,727</b>	<b>\$ 49,682</b>	<b>\$ 49,584</b>	<b>\$ 98</b>
<b>Section 36: Properties Commission, State</b>				
Space Management	\$ —	\$ 372	\$ 397	\$ (25)
Properties Commission, State	—	559	403	156
Payments to Georgia Building Authority	—	2,331	2,331	0
<b>Total Properties Commission, State</b>	<b>\$ 0</b>	<b>\$ 3,262</b>	<b>\$ 3,131</b>	<b>\$ 131</b>
<b>Section 37: Public Safety, Department of</b>				
Aviation	\$ 2,307	\$ 3,075	\$ 2,862	\$ 213
Capitol Police Services	3,151	7,134	7,055	79
Departmental Administration	10,997	8,712	8,653	59
Executive Security Services	1,051	1,411	1,388	23
Field Offices and Services	59,086	69,491	68,170	1,321
Specialized Collision Reconstruction Team	2,151	2,499	2,388	111
Troop J Specialty Units	2,265	2,229	2,222	7
Highway Safety, Office of	3,653	16,973	12,240	4,733
Peace Officer Standards and Training Council, Georgia	1,906	2,152	2,148	4
Firefighter Standards and Training Council, Georgia	552	623	620	3
Fire Academy, Georgia	1,146	2,049	1,927	122
Police Academy, Georgia	1,242	2,600	2,260	340
Public Safety Training Center, Georgia	10,234	12,547	12,383	164
Motor Carrier Compliance	—	21,113	19,289	1,824
<b>Total Public Safety, Department of</b>	<b>\$ 99,741</b>	<b>\$ 152,608</b>	<b>\$ 143,605</b>	<b>\$ 9,003</b>
<b>Section 38: Public Service Commission</b>				
Commission Administration	\$ 1,401	\$ 1,408	\$ 1,408	\$ 0
Facility Protection	939	1,084	1,084	0
Utilities Regulation	6,177	6,620	6,619	1
<b>Total Public Service Commission</b>	<b>\$ 8,517</b>	<b>\$ 9,112</b>	<b>\$ 9,111</b>	<b>\$ 1</b>



# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund For the Fiscal Year Ended June 30, 2006 (expressed in thousands)

	Budgeted Amounts			Variance
	Original	Final	Actual Amounts	Positive (Negative)
<b>Section 39: Regents, University System of Georgia</b>				
Advanced Technology Development Center / Economic Development Institute	\$ 22,346	\$ 24,044	\$ 20,549	\$ 3,495
Agricultural Experiment Station	70,923	81,345	73,554	7,791
Athens and Tifton Veterinary Laboratories	4,696	6,696	5,601	1,095
Center for Assistive Technology and Environmental Access	7,685	5,067	3,962	1,105
Cooperative Extension Service	54,874	60,454	57,307	3,147
Forestry Cooperative Extension	632	1,036	915	121
Forestry Research	3,012	6,197	5,600	597
Georgia Radiation Therapy Center	3,626	3,626	0	3,626
Georgia Tech Research Institute	129,760	142,455	141,105	1,350
Marine Institute	1,691	1,730	1,365	365
Marine Resources Extension Center	2,612	4,294	3,266	1,028
Medical College of Georgia Hospital and Clinics	31,704	31,510	31,510	0
Office of Minority Business Enterprise	860	860	860	0
Public Libraries	38,258	40,701	39,740	961
Public Service / Special Funding Initiatives	29,821	30,231	30,176	55
Regents Central Office	7,265	7,577	7,557	20
Research Consortium	21,287	22,712	22,168	544
Skidaway Institute of Oceanography	7,190	7,219	7,678	(459)
Student Education Enrichment Program	304	304	304	0
Teaching	3,983,815	4,300,771	3,908,948	391,823
Veterinary Medicine Experiment Station	3,149	3,149	3,149	0
Veterinary Medicine Teaching Hospital	7,178	10,778	10,050	728
Payments to Georgia Military College	2,500	2,897	2,897	0
Payments to Public Telecommunications Commission, Georgia	31,178	31,183	16,959	14,224
Payments to the Georgia Cancer Coalition	—	10,483	10,479	4
Georgia Eminent Scholars Endowment Trust Fund	—	500	500	0
<b>Total Regents, University System of Georgia</b>	<b>\$ 4,466,366</b>	<b>\$ 4,837,819</b>	<b>\$ 4,406,199</b>	<b>\$ 431,620</b>
<b>Section 40: Revenue, Department of</b>				
Customer Service	\$ 11,750	\$ 13,717	\$ 12,807	\$ 910
Departmental Administration	3,859	4,507	4,504	3
Grants and Distribution	8,825	9,905	9,880	25
Homeowner Tax Relief Grants	432,291	410,291	410,072	219
Industry Regulation	4,516	4,955	4,581	374
Revenue Processing	29,140	34,864	34,698	166
State Board of Equalization	5	5	0	5
Tax Compliance	30,540	41,461	40,210	1,251
Salvage Inspection	—	1,528	1,527	1
Tag and Title Registration	—	26,375	26,359	16
<b>Total Revenue, Department of</b>	<b>\$ 520,926</b>	<b>\$ 547,608</b>	<b>\$ 544,638</b>	<b>\$ 2,970</b>
<b>Section 41A: Secretary of State</b>				
Archives and Records	\$ 6,360	\$ 7,206	\$ 6,960	\$ 246
Capitol Education Center	152	175	144	31
Corporations	2,052	2,407	2,357	50
Elections	5,672	9,497	8,902	595
Office Administration	4,672	5,904	5,810	94
Professional Licensing Boards	9,469	9,507	9,241	266
Securities	2,011	2,615	2,460	155
Drugs and Narcotics Agency, Georgia	1,289	1,303	1,267	36
Commission on the Holocaust, Georgia	246	380	372	8
Real Estate Commission	2,891	3,109	2,955	154
State Ethics Commission	718	1,345	1,287	58
<b>Total Secretary of State</b>	<b>\$ 35,532</b>	<b>\$ 43,448</b>	<b>\$ 41,755</b>	<b>\$ 1,693</b>
<b>Section 41B: State Election Board</b>				
State Election Board	\$ —	\$ 800	\$ 800	\$ 0

(continued)

(continued)

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund (continued) For the Fiscal Year Ended June 30, 2006 (expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
<b>Section 42: Soil and Water Conservation Commission</b>				
Commission Administration	\$ 583	\$ 584	\$ 584	\$ 0
Conservation of Agricultural Water Supplies	1,929	7,271	7,271	0
Conservation of Soil and Water Resources	1,666	2,713	2,690	23
U.S.D.A. Flood Control Watershed Structures	20	81	81	0
Water Resources and Land Use Planning	1,850	1,727	1,727	0
<b>Total Soil and Water Conservation Commission</b>	<b>\$ 6,048</b>	<b>\$ 12,376</b>	<b>\$ 12,353</b>	<b>\$ 23</b>
<b>Section 43: Student Finance Commission and Authority, Georgia</b>				
Accel	\$ 6,000	\$ 6,000	\$ 4,170	\$ 1,830
Engineer Scholarship	760	760	574	186
Georgia Military College Scholarship	770	770	626	144
Governor's Scholarship Program	2,329	2,329	2,329	0
Guaranteed Educational Loans	3,800	3,800	3,800	0
HOPE Administration	5,112	6,112	6,112	0
HOPE GED	2,841	2,841	2,085	756
HOPE Grant	122,784	122,784	101,084	21,700
HOPE Scholarships - Private Schools	45,752	45,752	40,701	5,051
HOPE Scholarships - Public Schools	326,011	326,011	291,045	34,966
Law Enforcement Dependents Grant	51	51	51	0
Leveraging Educational Assistance Partnership Program	1,487	1,489	1,489	0
North Ga. Military Scholarship Grants	684	1,458	1,458	0
North Georgia ROTC Grants	432	432	432	0
Promise II Scholarship	75	75	1	74
Promise Scholarship	5,855	5,855	5,821	34
Public Memorial Safety Grant	256	256	179	77
Teacher Scholarship	5,333	5,333	3,593	1,740
Tuition Equalization Grants	29,032	27,982	27,982	0
Nonpublic Postsecondary Education Commission	645	696	695	1
HERO Scholarship	—	100	100	0
<b>Total Student Finance Commission and Authority, Georgia</b>	<b>\$ 560,009</b>	<b>\$ 560,886</b>	<b>\$ 494,327</b>	<b>\$ 66,559</b>
<b>Section 44: Teachers' Retirement System</b>				
Floor/COLA, Local System Fund	\$ 1,980	\$ 1,980	\$ 1,688	\$ 292
System Administration	19,338	22,867	21,159	1,708
<b>Total Teachers' Retirement System</b>	<b>\$ 21,318</b>	<b>\$ 24,847</b>	<b>\$ 22,847</b>	<b>\$ 2,000</b>
<b>Section 45: Technical Education, Department of</b>				
Adult Literacy	\$ 19,997	\$ 33,590	\$ 32,095	\$ 1,495
Departmental Administration	4,729	16,557	14,527	2,030
Quick Start and Customized Services	11,890	20,854	20,676	178
Technical Education	359,709	491,042	466,419	24,623
<b>Total Technical Education, Department of</b>	<b>\$ 396,325</b>	<b>\$ 562,043</b>	<b>\$ 533,717</b>	<b>\$ 28,326</b>
<b>Section 46: Transportation, Department of</b>				
Air Transportation	\$ 2,013	\$ 3,052	\$ 2,597	\$ 455
Airport Aid	11,459	20,652	18,531	2,121
Data Collection, Compliance and Reporting	5,581	10,825	8,683	2,142
Departmental Administration	52,901	140,828	91,922	48,906
Local Road Assistance	159,923	234,220	218,392	15,828
Ports and Waterways	1,119	7,522	7,491	31
Rail	658	7,308	5,957	1,351
State Highway System Construction and Improvement	1,080,410	1,650,363	1,447,155	203,208
State Highway System Maintenance	335,755	791,323	804,269	(12,946)
State Highway System Operations	46,425	120,431	89,985	30,446
Transit	17,990	38,750	16,554	22,196
Payments to the State Road and Tollway Authority	54,000	53,999	53,999	0
<b>Total Transportation, Department of</b>	<b>\$ 1,768,234</b>	<b>\$ 3,079,273</b>	<b>\$ 2,765,535</b>	<b>\$ 313,738</b>

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund For the Fiscal Year Ended June 30, 2006 (expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Section 47: Veterans Service, Department of</b>				
Departmental Administration	\$ 756	\$ 668	\$ 16,449	\$ (15,781)
Georgia Veterans Memorial Cemetery	298	327	358	(31)
Georgia War Veterans Nursing Home - Augusta	7,542	8,688	4,005	4,683
Georgia War Veterans Nursing Home - Milledgeville	17,617	19,747	8,326	11,421
Veterans Benefits	5,871	6,033	4,975	1,058
<b>Total Veterans Service, Department of</b>	<b>\$ 32,084</b>	<b>\$ 35,463</b>	<b>\$ 34,113</b>	<b>\$ 1,350</b>
<b>Section 48: Workers' Compensation, State Board of</b>				
Administer the Workers' Compensation Laws	\$ 9,367	\$ 9,564	\$ 9,558	\$ 6
Board Administration	6,570	6,668	4,030	2,638
<b>Total Workers' Compensation, State Board of</b>	<b>\$ 15,937</b>	<b>\$ 16,232</b>	<b>\$ 13,588</b>	<b>\$ 2,644</b>
<b>Section 49: State of Georgia General Obligation Debt Sinking Fund</b>				
General Obligation Debt Sinking Fund				
Issued	\$ 749,591	\$ 873,029	\$ 719,493	\$ 153,536
New	80,817	11,784	0	11,784
New: Authorized Under Previous Appropriations Acts	104,607	116,672	142,684	(26,012)
<b>Total State of Georgia General Obligation Debt Sinking Fund</b>	<b>\$ 935,015</b>	<b>\$ 1,001,485</b>	<b>\$ 862,177</b>	<b>\$ 139,308</b>
 Total Expenditures	 \$ 31,987,912	 \$ 37,286,272	 \$ 34,516,636	 \$ 2,769,636
 Excess of Funds Available over Expenditures			 \$ 1,583,999	 \$ 1,583,999

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget-To-GAAP Reconciliation For the Fiscal Year Ended June 30, 2006 (expressed in thousands)

	<u>General Fund</u>
<b>Sources/Inflows of Resources</b>	
Actual amounts (budgetary basis) "Total Funds Available" from the budgetary comparison schedule	\$ 36,100,635
Differences - budget to GAAP:	
Revenues of nonbudgeted funds included within the State's reporting entity, and shown in the General Fund for financial reporting purposes.	18,407,262
Revenues of budgeted funds included in the Budget Fund, but removed from the General Fund for financial reporting purposes.	(5,171,923)
Prior Year Reserves Available for Expenditure are included in Funds Available, but are not revenues for GAAP reporting purposes.	(2,352,325)
Transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	(10,697)
Receivables and revenues accrued based on encumbrances reported for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for GAAP reporting.	(567,704)
Accrual of taxpayer assessed receivables and revenues .	(13,662)
Proceeds from the sale of land and equipment are budgetary resources but are regarded as other financing sources under GAAP	(600)
State appropriation revenues are budgetary resources, but are netted with the State's treasury disbursements for GAAP purposes.	(17,803,754)
Some federal financial assistance is reported as revenue when received in the Budget Fund, but these funds are not earned at year end, and are shown as deferred revenue for GAAP purposes.	110,122
Revenues from intrafund transactions are budgetary resources, but are not revenues for GAAP reporting purposes.	(331,800)
Fund balance adjustments are not inflows of budgetary resources, but affect current year revenues for GAAP reporting purposes.	(25,451)
Revenue reported for nonbudgetary food stamp program.	1,092,972
Revenue reported for nonbudgetary donated commodities.	19,306
Decrease in investment income to reflect change in fair value of investments.	(8,373)
Other net accrued receivables and revenues.	<u>266,127</u>
Total Revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 29,710,135</u>

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget-To-GAAP Reconciliation For the Fiscal Year Ended June 30, 2006 (expressed in thousands)

	<u>General Fund</u>
<b>Uses/Outflows of Resources</b>	
Actual amounts (budgetary basis) "Total Expenditures" from the budgetary comparison schedule	\$ 34,516,636
Differences - budget to GAAP:	
Expenditures of Nonbudgeted Funds included within the State's reporting entity, and shown in the General Fund for financial reporting purposes.	62,651
Expenditures of Budgeted Funds for organizations not reported in the General Fund.	(7,392,230)
Transfers to other funds are outflows of budgetary resources, but are not expenditures for GAAP reporting purposes.	(862,253)
Encumbrances for supplies and equipment ordered but not received are reported as budgetary expenditures in the year the order is placed, but are reported as GAAP expenditures in the year the supplies and equipment are received.	(800,431)
Expenditures from intrafund transactions are budgetary outflows, but are not expenditures for GAAP reporting purposes.	(331,800)
Fund balance adjustments are not outflows of budgetary resources, but affect current year expenditures for GAAP reporting purposes.	(234,629)
Change in expenditure accrual for nonbudgetary Medicaid claims	(240,794)
Expenditures reported for nonbudgetary food stamp program.	1,092,972
Expenditures reported for nonbudgetary donated commodities.	19,306
Accrual of teacher salaries not included in current budget year.	49,721
Capital lease acquisitions are not outflows of budgetary resources, but are recorded as current expenditures and other financing sources for GAAP reporting.	1,084
Other net accrued liabilities and expenditures.	<u>474,463</u>
Total Expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ <u><u>26,354,696</u></u>

# State of Georgia

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## Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2006

### **Budgetary Process**

The Official Code of Georgia Annotated (OCGA), Title 45, Chapter 12, Article 4 sets forth the process for the development and monitoring of an appropriated budget for the State of Georgia. Not later than September 1 of each year, the head of each executive branch budget unit must submit estimates of the financial requirements for the subsequent fiscal year to the Office of Planning and Budget, which operates under the direction of the Governor. Budget estimates relative to the legislative and judicial branches of State government are provided to the Office of Planning and Budget for the purpose of estimating the total financial needs of the State, but are not subject to revision or review by the Office of Planning and Budget.

The Governor, through the Office of Planning and Budget, examines the estimates and may investigate and revise executive branch submissions as necessary. Upon the completion and revisions of the estimates, the Governor must prepare and submit a budget report to the General Assembly within five days of the date on which the General Assembly convenes. The Governor possesses the responsibility and authority to establish the revenue estimate for the corresponding fiscal year.

The General Assembly, after adopting such modifications to the Governor's budget report, as it deems necessary, enacts the General Appropriations Act for the subsequent fiscal year. Each General Appropriations Act enacted, along with amendments as are adopted, continues in force and effect for the next fiscal year after adoption. In accordance with the Constitution of the State of Georgia, Article III, Section IX, Paragraph IV, the General Assembly is prohibited from appropriating funds for any given fiscal year which, in the aggregate, exceeds the amount of unappropriated surplus funds expected to have accrued at the beginning of the subsequent fiscal year together with the total estimated amount of receipts from existing revenue sources, less refunds, anticipated to be collected in the subsequent fiscal year. The Constitution further authorizes the passage of additional Supplementary Appropriation Acts, provided sufficient unappropriated surplus is available or additional revenue measures have been enacted. Federal funds received by the State are continually appropriated in the exact amounts and for the purposes authorized and directed by the awarding federal agency.

Internal transfers within a budget unit are subject to the condition that no funds shall be transferred for the purpose of initiating a new program area which otherwise had received no appropriation of any funding source.

The Governor, through the Office of Planning and Budget, requires each budget unit, other than those of the legislative and judicial branches, to submit an annual operating budget based on the programs set forth in the Appropriations Act. Budget units submit quarterly allotment requests, which must be approved in conjunction with quarterly work programs prior to release of appropriated funds. Further monitoring of budget unit activities is accomplished by review of expenditure reports, which are submitted quarterly to the Office of Planning and Budget.

Budget units (i.e., agencies, commissions) of the State are responsible for budgetary control of their respective portion of the total State appropriated budget. The legal level of budgetary control is at the program level by funding source. Due to the complex nature of the State appropriated budget, a separate "Budgetary Compliance Report" is published each year to demonstrate compliance at the legal level of budgetary control.

The appropriated budget covers a majority of the organizations comprising the State's General Fund, and includes appropriations for debt service. The budget also includes certain proprietary funds, the Higher Education Fund, and the administrative costs of operating certain public employee retirement systems.

### **Budgetary Presentation**

The accompanying Budgetary Comparison Schedule for the Budget Fund presents comparisons of the legally adopted budget with actual data prepared on the budgetary basis of accounting utilized by the State. The Budget Fund, a compilation of the budget units of the State, differs from the funds presented in the basic financial statements. The Budget-to-GAAP reconciliation immediately following the budgetary comparison schedule identifies the types and amounts of adjustments necessary to reconcile the Budget Fund with the General Fund as reported in accordance with generally accepted accounting principles.

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COMBINING AND INDIVIDUAL  
FUND STATEMENTS

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## NONMAJOR GOVERNMENTAL FUNDS

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# State of Georgia

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## Nonmajor Governmental Funds

### SPECIAL REVENUE FUNDS

Special Revenue Funds account for specific revenue sources that are legally restricted to expenditures for specific purposes. The State's special revenue funds represent the blended component units that conduct general governmental functions as described below:

**Georgia Economic Development Foundation, Inc.** is a legally separate nonprofit corporation organized to assist the Department of Economic Development in its activities promoting the economic development of the State of Georgia.

**Georgia Tourism Foundation** is a legally separate nonprofit corporation organized to lessen the government burden in promoting tourism by soliciting contributions for the State-wide Tourism Marketing Program.

### DEBT SERVICE FUND

The Debt Service Fund accounts for the payment of principal and interest on the State's general long-term debt.

### CAPITAL PROJECTS FUNDS

The Capital Projects Funds account for the acquisition or construction of governmental capital assets. The State's nonmajor capital projects funds are described below:

**Georgia Building Authority (Hospital)** accounts for the acquisition, construction, repair, maintenance, improvement, operation and management of self-liquidating projects on property owned by the authority. These projects include hospitals, health care facilities, dormitories and housing accommodations for patients, officers and employees of institutions controlled by state agencies.

**Georgia Building Authority (Markets)** accounts for the construction and renovation of farmers markets and related facilities.

**Georgia Building Authority (Penal)** accounts for the acquisition, construction, repair, maintenance, improvement, operation and management of buildings, facilities, equipment and services for the State penal system.

**Georgia Education Authority (University)** accounts for the construction and improvement of buildings and facilities of institutions under the authority of the Board of Regents of the University System of Georgia.

### PERMANENT FUND

The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the State or its citizenry. The State's nonmajor permanent fund is described below:

The **Pupils Trust Fund - Georgia Academy for the Blind** is used to account for principal trust amounts received and related interest income. The interest portion of the trust may be used for student activities at Georgia Academy for the Blind.

# State of Georgia

## Combining Balance Sheet Nonmajor Governmental Funds June 30, 2006 (expressed in thousands)

	Special Revenue		
	Georgia Economic Development Foundation, Inc.	Georgia Tourism Foundation	Debt Service
<b>Assets</b>			
Cash and Cash Equivalents	\$ 998	\$ 221	\$ —
Investments	—	—	—
Total Assets	<u>\$ 998</u>	<u>\$ 221</u>	<u>\$ 0</u>
<b>Fund Balances</b>			
Fund Balances:			
Reserved for Other Specific Purposes	\$ —	\$ —	\$ —
Unreserved, Undesignated	<u>998</u>	<u>221</u>	<u>—</u>
Total Fund Balances	<u>\$ 998</u>	<u>\$ 221</u>	<u>\$ 0</u>
Total Fund Balances	<u>\$ 998</u>	<u>\$ 221</u>	<u>\$ 0</u>

Capital Projects

Georgia Building Authority (Hospital)	Georgia Building Authority (Markets)	Georgia Building Authority (Penal)	Georgia Education Authority (University)	Permanent Fund	Total
\$ 2,812	\$ 50	\$ 1,331	\$ 2,118	\$ 14	\$ 7,544
<u>1,318</u>	<u>23</u>	<u>624</u>	<u>990</u>	<u>—</u>	<u>2,955</u>
<u>\$ 4,130</u>	<u>\$ 73</u>	<u>\$ 1,955</u>	<u>\$ 3,108</u>	<u>\$ 14</u>	<u>\$ 10,499</u>
\$ —	\$ —	\$ 1,014	\$ —	\$ 14	\$ 1,028
<u>4,130</u>	<u>73</u>	<u>941</u>	<u>3,108</u>	<u>—</u>	<u>9,471</u>
<u>\$ 4,130</u>	<u>\$ 73</u>	<u>\$ 1,955</u>	<u>\$ 3,108</u>	<u>\$ 14</u>	<u>\$ 10,499</u>
<u>\$ 4,130</u>	<u>\$ 73</u>	<u>\$ 1,955</u>	<u>\$ 3,108</u>	<u>\$ 14</u>	<u>\$ 10,499</u>

# State of Georgia

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2006 (expressed in thousands)

	Special Revenue		
	Georgia Economic Development Foundation, Inc.	Georgia Tourism Foundation	Debt Service
Revenues:			
Sales and Services	\$ 207	\$ —	\$ —
Interest and Other Investment Income	11	20	—
Rents and Royalties	—	—	—
Contributions and Donations	689	1,107	—
Other	1	—	—
Total Revenues	\$ 908	\$ 1,127	\$ 0
Expenditures:			
General Government	\$ —	\$ —	\$ —
Education	—	—	—
Economic Development and Assistance	774	1,006	—
Capital Outlay	—	—	—
Debt Service			
Principal	—	—	569,970
Interest	—	—	324,760
Accrued Interest on Bonds Retired in Advance	—	—	121
Discount on Bonds Retired in Advance	—	—	(12,337)
Other Debt Service Expenditures	—	—	1,920
Total Expenditures	\$ 774	\$ 1,006	\$ 884,434
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 134	\$ 121	\$ (884,434)
Other Financing Sources (Uses):			
Refunding Bonds Issuance	\$ —	\$ —	\$ 425,000
Premium on Refunding Bonds Sold	—	—	46,399
Payment to Refunded Bond Escrow Agent	—	—	(469,479)
Operating Transfers In	401	100	882,514
Net Other Financing Sources (Uses)	\$ 401	\$ 100	\$ 884,434
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ 535	\$ 221	\$ 0
Fund Balances, July 1	0	0	0
Adjustments	463	—	—
Fund Balances, June 30	\$ 998	\$ 221	\$ 0

Capital Projects					
Georgia Building Authority (Hospital)	Georgia Building Authority (Markets)	Georgia Building Authority (Penal)	Georgia Education Authority (University)	Permanent Fund	Total
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 207
171	7	81	247	1	538
—	—	—	72	—	72
—	—	—	—	—	1,796
—	—	—	9	—	10
\$ 171	\$ 7	\$ 81	\$ 328	\$ 1	\$ 2,623
\$ 4	\$ 1	\$ 4	\$ 6	\$ —	\$ 15
—	—	—	—	1	1
—	—	—	—	—	1,780
—	167	—	9	—	176
—	—	—	72	—	570,042
—	—	—	133	—	324,893
—	—	—	—	—	121
—	—	—	—	—	(12,337)
—	—	—	—	—	1,920
\$ 4	\$ 168	\$ 4	\$ 220	\$ 1	\$ 886,611
\$ 167	\$ (161)	\$ 77	\$ 108	\$ 0	\$ (883,988)
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 425,000
—	—	—	—	—	46,399
—	—	—	—	—	(469,479)
—	—	—	—	—	883,015
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 884,935
\$ 167	\$ (161)	\$ 77	\$ 108	\$ 0	\$ 947
3,963	234	1,878	3,000	14	9,089
—	—	—	—	—	463
\$ 4,130	\$ 73	\$ 1,955	\$ 3,108	\$ 14	\$ 10,499

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## INTERNAL SERVICE FUNDS

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# State of Georgia

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## Internal Service Funds

**Internal Service Funds** are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis. The State's internal service funds are described below:

The **Department of Administrative Services** delivers a variety of supportive services to all state agencies and, upon request, to local governments in Georgia. Among the services provided are purchasing, surplus property, printing, motor pool and building space management.

The **Georgia Building Authority** is primarily responsible for constructing and maintaining State office buildings, maintaining the grounds within the State Capitol complex, maintaining the Governor's Mansion and operating parking facilities.

The **Correctional Industries Administration** utilizes the inmate work force to manufacture products and provide services for the penal system, other units of state government and local governments.

The **Merit System of Personnel Administration** provides a career service to the classified employees in the executive branch based on the principles of merit, equal opportunity and freedom from political influence.

The **Agency for Removal of Hazardous Materials** administers a program for the abatement and removal of asbestos and other hazardous materials from the premises of the State, state authorities, counties, municipal corporations, local and independent school systems, and other units and authorities of government.

The **Risk Management** column is an accumulation of the funds used to account for self-insurance programs established by individual agreement, statute or administrative action:

The **Liability Insurance Fund** is used to account for the accumulation of funds for the purpose of providing liability insurance coverage for employees of the State against personal liability for damages arising out of performance of their duties.

The **Property Insurance Fund** is used to account for the assessment of premiums against various state agencies for the purpose of providing property, fire and extended coverage, automobile, aircraft and marina insurance.

The **State Employees' Assurance Department**, previously reported as a risk management fund, is now reported as a pension and other employee benefit trust fund.

The **State Indemnification Fund** is used to account for the accumulation of funds for the purpose of providing indemnification with respect to the death of any law enforcement officer, fireman or prison guard killed in the line of duty.

The **Supplemental Pay Fund** was created to provide a program of compensation for law enforcement officers who become physically disabled, but not permanently disabled, as a result of physical injury incurred in the line of duty and caused by a willful act of violence and for firefighters who become physically disabled, but not permanently disabled, as a result of physical injury incurred in the line of duty while fighting a fire. This program, not to exceed a 12 month period, shall entitle an injured law enforcement officer or firefighter to receive monthly compensation in an amount equal to such person's regular compensation for the period of time that the person is physically unable to perform the required duties of employment.

# State of Georgia

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## Internal Service Funds

The **Teacher Indemnification Fund** is used to account for the accumulation of funds for the purpose of providing indemnification with respect to the death of any public school employees killed or permanently disabled by an act of violence in the line of duty on or after July 1, 2001.

The **Unemployment Compensation Fund** was created for the purpose of consolidating processing of unemployment compensation claims against state agencies and the payment of sums due to the Department of Labor.

The **Workers' Compensation Fund** was established to authorize insurance coverage for employees of the State and for the receipt of premiums as prescribed by the Workers' Compensation statutes of the State.

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# State of Georgia

## Combining Statement of Net Assets Internal Service Funds June 30, 2006 (expressed in thousands)

	Administrative Services, Department of	Building Authority, Georgia	Correctional Industries Administration	Merit System of Personnel Administration
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 3,216	\$ 16,087	\$ 14,767	\$ 2,828
Investments	329	7,611	3,515	—
Accounts Receivable (Net of Allowances for Uncollectibles)	210	981	1,595	2,206
Due from Other Funds	—	—	—	—
Inventories	42	486	7,134	—
Prepaid Items	119	112	23	—
Noncurrent Assets:				
Investments	—	—	—	—
Capital Assets:				
Land	—	21,455	44	—
Buildings and Building Improvements	339	353,833	11,256	—
Improvements Other Than Buildings	—	5,032	—	—
Machinery and Equipment	2,295	2,833	17,545	715
Works of Art and Collections	—	1,240	—	—
Accumulated Depreciation	(2,265)	(135,533)	(20,324)	(692)
Total Assets	\$ 4,285	\$ 274,137	\$ 35,555	\$ 5,057
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable and Other Accruals	\$ 487	\$ 3,231	\$ 444	\$ 279
Due to Other Funds	—	84	—	—
Salaries/Withholdings Payable	1	21	—	—
Unearned Revenue	646	182	—	—
Customer Deposits	6	—	—	—
Claims and Judgments Payable	—	—	—	—
Compensated Absences Payable - Current	656	1,076	283	340
Noncurrent Liabilities:				
Compensated Absences Payable	473	—	454	334
Total Liabilities	\$ 2,269	\$ 4,594	\$ 1,181	\$ 953
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	\$ 369	\$ 248,860	\$ 8,521	\$ 23
Restricted for:				
Surplus Property Working Capital	1,647	—	—	—
Unrestricted	0	20,683	25,853	4,081
Total Net Assets	\$ 2,016	\$ 269,543	\$ 34,374	\$ 4,104

Removal of Hazardous Materials, Agency for	Risk Management	Total
\$ 4	\$ 43,747	\$ 80,649
—	32,953	44,408
6	17,944	22,942
—	123,152	123,152
—	—	7,662
—	—	254
—	210,764	210,764
—	—	21,499
—	—	365,428
—	—	5,032
586	—	23,974
—	—	1,240
(578)	—	(159,392)
\$ 18	\$ 428,560	\$ 747,612
\$ 279	\$ 688	\$ 5,408
—	—	84
—	3	25
—	—	828
—	—	6
—	373,248	373,248
—	—	2,355
—	—	1,261
\$ 279	\$ 373,939	\$ 383,215
\$ 8	\$ —	\$ 257,781
—	—	1,647
(269)	54,621	104,969
\$ (261)	\$ 54,621	\$ 364,397

# State of Georgia

## Combining Statement of Net Assets Internal Service Funds Risk Management June 30, 2006 (expressed in thousands)

	Liability Insurance Fund	Property Insurance Fund	State Employees' Assurance Department
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 26,166	\$ 4,501	\$ —
Investments	19,706	3,391	—
Accounts Receivable (Net of Allowances for Uncollectibles)	—	3	—
Due From Other Funds	—	—	—
Noncurrent Assets:			
Investments	126,033	21,692	—
<b>Total Assets</b>	<b>\$ 171,905</b>	<b>\$ 29,587</b>	<b>\$ 0</b>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable and Other Accruals	\$ 207	\$ 145	\$ —
Salaries/Withholdings Payable	—	1	—
Claims and Judgments Payable	146,158	7,790	—
<b>Total Liabilities</b>	<b>\$ 146,365</b>	<b>\$ 7,936</b>	<b>\$ 0</b>
<b>Net Assets</b>			
Unrestricted	<b>\$ 25,540</b>	<b>\$ 21,651</b>	<b>\$ 0</b>



State Indemnification Fund	Supplemental Pay Fund	Teacher Indemnification Fund	Unemployment Compensation Fund	Workers' Compensation Fund	Total
\$ 134	\$ 724	\$ 237	\$ 664	\$ 11,321	\$ 43,747
101	546	178	501	8,530	32,953
—	—	—	42	17,899	17,944
—	—	—	—	123,152	123,152
646	3,489	1,142	3,203	54,559	210,764
\$ 881	\$ 4,759	\$ 1,557	\$ 4,410	\$ 215,461	\$ 428,560
\$ 10	\$ —	\$ —	\$ 4	\$ 322	\$ 688
—	—	—	—	2	3
839	—	—	3,324	215,137	373,248
\$ 849	\$ 0	\$ 0	\$ 3,328	\$ 215,461	\$ 373,939
\$ 32	\$ 4,759	\$ 1,557	\$ 1,082	\$ 0	\$ 54,621

# State of Georgia

## Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets Internal Service Funds For the Fiscal Year Ended June 30, 2006 (expressed in thousands)

	Administrative Services, Department of	Building Authority, Georgia	Correctional Industries Administration
Operating Revenues:			
Contributions/Premiums	\$ —	\$ —	\$ —
Rents and Royalties	—	43,273	—
Sales and Services	5,881	7,078	25,970
Other	20	834	—
Total Operating Revenues	\$ 5,901	\$ 51,185	\$ 25,970
Operating Expenses:			
Personal Services	\$ 2,824	\$ 11,353	\$ 7,279
Services and Supplies	4,073	34,888	16,876
Claims and Judgments	—	—	—
Less: Insurance Recoveries	—	—	—
Depreciation	279	12,029	2,037
Total Operating Expenses	\$ 7,176	\$ 58,270	\$ 26,192
Operating Income (Loss)	\$ (1,275)	\$ (7,085)	\$ (222)
Nonoperating Revenues (Expenses):			
Interest and Other Investment Income	\$ 12	\$ 1,047	\$ 679
Other	(8)	—	294
Total Nonoperating Revenues (Expenses)	\$ 4	\$ 1,047	\$ 973
Income (Loss) Before Contributions and Transfers	\$ (1,271)	\$ (6,038)	\$ 751
Capital Contributions	\$ —	\$ 28,422	\$ —
Transfers:			
Transfers In	\$ —	\$ 2,331	\$ —
Transfers Out	—	—	—
Net Transfers	\$ 0	\$ 2,331	\$ 0
Change in Net Assets	\$ (1,271)	\$ 24,715	\$ 751
Net Assets, July 1	8,841	244,828	33,623
Adjustments	(5,554)	—	—
Net Assets, June 30	\$ 2,016	\$ 269,543	\$ 34,374

Merit System of Personnel Administration	Removal of Hazardous Materials, Agency for	Risk Management	Total
\$ —	\$ —	\$ 178,522	\$ 178,522
6	—	—	43,279
14,655	—	—	53,584
54	—	33	941
\$ 14,715	\$ 0	\$ 178,555	\$ 276,326
\$ 7,688	\$ —	\$ 1,896	\$ 31,040
6,015	4	22,697	84,553
—	—	84,634	84,634
—	—	(10,283)	(10,283)
77	2	—	14,424
\$ 13,780	\$ 6	\$ 98,944	\$ 204,368
\$ 935	\$ (6)	\$ 79,611	\$ 71,958
\$ —	\$ —	\$ (3,240)	\$ (1,502)
(113)	—	14,021	14,194
\$ (113)	\$ 0	\$ 10,781	\$ 12,692
\$ 822	\$ (6)	\$ 90,392	\$ 84,650
\$ —	\$ —	\$ —	\$ 28,422
\$ 877	\$ 85	\$ —	\$ 3,293
(842)	—	—	(842)
\$ 35	\$ 85	\$ 0	\$ 2,451
\$ 857	\$ 79	\$ 90,392	\$ 115,523
3,247	(340)	858,830	1,149,029
—	—	(894,601)	(900,155)
\$ 4,104	\$ (261)	\$ 54,621	\$ 364,397

# State of Georgia

## Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets Internal Service Funds Risk Management For the Fiscal Year Ended June 30, 2006 (expressed in thousands)

	Liability Insurance Fund	Property Insurance Fund	State Employees' Assurance Department	State Indemnification Fund
Operating Revenues:				
Contributions/Premiums	\$ 2,352	\$ 19,898	\$ —	\$ —
Other	15	13	—	—
Total Operating Revenues	\$ 2,367	\$ 19,911	\$ 0	\$ 0
Operating Expenses:				
Personal Services	\$ 313	\$ 487	\$ —	\$ 26
Services and Supplies	6,440	8,570	—	31
Claims and Judgments	15,720	13,083	—	787
Less: Insurance Recoveries	—	(10,283)	—	—
Total Operating Expenses	\$ 22,473	\$ 11,857	\$ 0	\$ 844
Operating Income (Loss)	\$ (20,106)	\$ 8,054	\$ 0	\$ (844)
Nonoperating Revenues (Expenses):				
Interest and Other Investment Income	\$ (2,008)	\$ (231)	\$ —	\$ (24)
Insurance Recoveries	1,006	333	—	—
Interest and Other Investment Income	\$ (1,002)	\$ 102	\$ 0	\$ (24)
Transfers:				
Transfers In	\$ —	\$ —	\$ —	\$ 1,400
Transfers Out	—	—	—	—
Net Transfers	\$ 0	\$ 0	\$ 0	\$ 1,400
Change in Net Assets	\$ (21,108)	\$ 8,156	\$ 0	\$ 532
Net Assets, July 1	46,648	13,495	894,601	(500)
Adjustments	—	—	(894,601)	—
Net Assets, June 30	\$ 25,540	\$ 21,651	\$ 0	\$ 32

<u>Supplemental Pay Fund</u>	<u>Teacher Indemnification Fund</u>	<u>Unemployment Compensation Fund</u>	<u>Workers' Compensation Fund</u>	<u>Total</u>
\$ —	\$ 229	\$ 11,383	\$ 144,660	\$ 178,522
—	—	—	5	33
\$ 0	\$ 229	\$ 11,383	\$ 144,665	\$ 178,555
\$ —	\$ —	\$ 8	\$ 1,062	\$ 1,896
12	2	76	7,566	22,697
30	—	7,362	47,652	84,634
—	—	—	—	(10,283)
\$ 42	\$ 2	\$ 7,446	\$ 56,280	\$ 98,944
\$ (42)	\$ 227	\$ 3,937	\$ 88,385	\$ 79,611
\$ (41)	\$ (16)	\$ 153	\$ (1,073)	\$ (3,240)
—	—	—	12,682	14,021
\$ (41)	\$ (16)	\$ 153	\$ 11,609	\$ 10,781
\$ —	\$ —	\$ —	\$ —	\$ 1,400
(1,400)	—	—	—	(1,400)
\$ (1,400)	\$ 0	\$ 0	\$ 0	\$ 0
\$ (1,483)	\$ 211	\$ 4,090	\$ 99,994	\$ 90,392
6,242	1,346	(3,008)	(99,994)	858,830
—	—	—	—	(894,601)
\$ 4,759	\$ 1,557	\$ 1,082	\$ 0	\$ 54,621

# State of Georgia

## Combining Statement of Cash Flows Internal Service Funds For the Fiscal Year Ended June 30, 2006 (expressed in thousands)

	Administrative Services, Department of	Building Authority, Georgia
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 6,145	\$ 51,593
Cash Received from Required Contributions/Premiums	—	—
Cash Received from Insurance Recoveries	—	—
Cash Paid to Vendors	(4,184)	(38,954)
Cash Paid to Employees	(2,978)	(11,418)
Cash Paid for Claims and Judgments	—	—
Other Operating Items (Net)	—	—
Net Cash Provided by (Used in) Operating Activities	\$ (1,017)	\$ 1,221
Cash Flows from Noncapital Financing Activities:		
Transfers from Other Funds	\$ —	\$ 2,331
Transfers to Other Funds	—	—
Other Noncapital Items (Net)	(5,178)	—
Net Cash Provided by (Used in) Noncapital Financing Activities	\$ (5,178)	\$ 2,331
Cash Flows from Capital and Related Financing Activities:		
Capital Contributions	\$ —	\$ 6,776
Proceeds from Sale of Capital Assets	—	—
Acquisition and Construction of Capital Assets	(32)	(12,611)
Net Cash Used in Capital and Related Financing Activities	\$ (32)	\$ (5,835)
Cash Flows from Investing Activities:		
Purchase of Investments (Net)	\$ 613	\$ (2,719)
Interest and Dividends Received	12	1,047
Net Cash Provided by (Used in) Investing Activities	\$ 625	\$ (1,672)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (5,602)	\$ (3,955)
Cash and Cash Equivalents, July 1	8,818	20,042
Cash and Cash Equivalents, June 30	\$ 3,216	\$ 16,087

<u>Correctional Industries Administration</u>	<u>Merit System of Personnel Administration</u>	<u>Removal of Hazardous Materials, Agency for</u>	<u>Risk Management</u>	<u>Total</u>
\$ 25,799	\$ 13,597	\$ —	\$ —	\$ 97,134
—	—	—	36,918	36,918
—	—	—	10,283	10,283
(16,701)	(6,112)	(86)	(22,878)	(88,915)
(7,236)	(7,734)	—	(1,893)	(31,259)
—	—	—	(99,775)	(99,775)
—	—	—	33	33
<u>\$ 1,862</u>	<u>\$ (249)</u>	<u>\$ (86)</u>	<u>\$ (77,312)</u>	<u>\$ (75,581)</u>
\$ —	\$ 877	\$ 85	\$ —	\$ 3,293
—	(842)	—	—	(842)
340	—	—	12,986	8,148
<u>\$ 340</u>	<u>\$ 35</u>	<u>\$ 85</u>	<u>\$ 12,986</u>	<u>\$ 10,599</u>
\$ —	\$ —	\$ —	\$ —	\$ 6,776
9	—	—	—	9
(1,088)	—	—	—	(13,731)
<u>\$ (1,079)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (6,946)</u>
\$ (1,243)	\$ —	\$ —	\$ 15,536	\$ 12,187
679	—	—	9,663	11,401
<u>\$ (564)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 25,199</u>	<u>\$ 23,588</u>
\$ 559	\$ (214)	\$ (1)	\$ (39,127)	\$ (48,340)
14,208	3,042	5	82,874	128,989
<u>\$ 14,767</u>	<u>\$ 2,828</u>	<u>\$ 4</u>	<u>\$ 43,747</u>	<u>\$ 80,649</u>

(continued)

# State of Georgia

## Combining Statement of Cash Flows Internal Service Funds (continued) For the Fiscal Year Ended June 30, 2006 (expressed in thousands)

	Administrative Services, Department of	Building Authority, Georgia
Operating Income (Loss)	\$ (1,275)	\$ (7,085)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Depreciation Expense	279	12,029
Other	—	—
Changes in Assets and Liabilities:		
Decrease (Increase) in Accounts Receivable	686	1,024
Increase in Due from Other Funds	—	—
Decrease (Increase) in Inventories	(26)	(146)
Decrease (Increase) in Prepaid Items	5	(79)
Increase (Decrease) in Accounts Payable and Other Accruals	(63)	(3,777)
Decrease in Due to Other Funds	(21)	(37)
Increase (Decrease) in Salaries/Withholdings Payable	(3)	13
Decrease in Contracts Payable	—	(28)
Increase (Decrease) in Unearned Revenue	(449)	182
Increase (Decrease) in Customer Deposits	6	(797)
Decrease in Claims and Judgments Payable	—	—
Increase (Decrease) in Compensated Absences Payable	(156)	(78)
Net Cash Provided by (Used in) Operating Activities	\$ <u>(1,017)</u>	\$ <u>1,221</u>
Noncash Investing, Capital, and Financing Activities:		
Donation of Capital Assets	\$ —	\$ 21,646
Net Decrease in Fair Value of Investments	—	—



<u>Correctional Industries Administration</u>	<u>Merit System of Personnel Administration</u>	<u>Removal of Hazardous Materials, Agency for</u>	<u>Risk Management</u>	<u>Total</u>
\$ (222)	\$ 935	\$ (6)	\$ 79,611	\$ 71,958
2,037	77	2	—	14,424
—	(170)	—	—	(170)
(79)	(1,117)	—	(14,290)	(13,776)
—	—	—	(123,152)	(123,152)
(80)	—	3	—	(249)
9	—	—	—	(65)
246	137	(85)	(181)	(3,723)
—	(65)	—	—	(123)
—	1	—	3	14
—	—	—	—	(28)
(92)	—	—	(4,162)	(4,521)
—	—	—	—	(791)
—	—	—	(15,141)	(15,141)
43	(47)	—	—	(238)
<u>\$ 1,862</u>	<u>\$ (249)</u>	<u>\$ (86)</u>	<u>\$ (77,312)</u>	<u>\$ (75,581)</u>
\$ —	\$ —	\$ —	\$ —	21,646
—	—	—	(12,903)	(12,903)

# State of Georgia

## Combining Statement of Cash Flows Internal Service Funds Risk Management For the Fiscal Year Ended June 30, 2006 (expressed in thousands)

	Liability Insurance Fund	Property Insurance Fund	State Employees' Assurance Department
Cash Flows from Operating Activities:			
Cash Received from Required Contributions/Premiums	\$ 1,357	\$ 16,740	\$ —
Cash Received from Insurance Recoveries	—	10,283	—
Cash Paid to Vendors	(6,268)	(8,649)	—
Cash Paid to Employees	(313)	(486)	—
Cash Paid for Claims and Judgments	(20,170)	(18,269)	—
Other Operating Items (Net)	15	13	—
Net Cash Provided by (Used in) Operating Activities	\$ (25,379)	\$ (368)	\$ 0
Cash Flows from Noncapital Financing Activities:			
Transfers from Other Funds	\$ —	\$ —	\$ —
Transfers to Other Funds	—	—	—
Other Noncapital Items (Net)	1,006	333	(1,035)
Net Cash Provided by (Used in) Noncapital Financing Activities	\$ 1,006	\$ 333	\$ (1,035)
Cash Flows from Investing Activities:			
Purchase of Investments (Net)	\$ (742)	\$ (3,303)	\$ —
Interest on Investments	5,421	957	—
Net Cash Provided by (Used in) Investing Activities	\$ 4,679	\$ (2,346)	\$ 0
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (19,694)	\$ (2,381)	\$ (1,035)
Cash and Cash Equivalents, July 1	45,860	6,882	1,035
Cash and Cash Equivalents, June 30	\$ 26,166	\$ 4,501	\$ 0
Operating Income (Loss)	\$ (20,106)	\$ 8,054	\$ 0
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Changes in Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	11	(2)	—
Increase in Due From Other Funds	—	—	—
Increase (Decrease) in Accounts Payable and Other Accruals	172	(79)	—
Increase in Salaries and Withholdings Payable	—	1	—
Decrease in Deferred Revenue	(1,006)	(3,156)	—
Increase (Decrease) in Claims and Judgments Payable	(4,450)	(5,186)	—
Net Cash Provided by (Used in) Operating Activities	\$ (25,379)	\$ (368)	\$ 0
Noncash Investing Activities:			
Net Increase (Decrease) in Fair Value of Investments	\$ (7,429)	\$ (1,188)	\$ —

State Indemnification Fund	Supplemental Pay Fund	Teacher Indemnification Fund	Unemployment Compensation Fund	Workers' Compensation Fund	Total
\$ —	\$ —	\$ 229	\$ 14,983	\$ 3,609	\$ 36,918
—	—	—	—	—	10,283
(27)	(12)	(2)	(72)	(7,848)	(22,878)
(26)	—	—	(8)	(1,060)	(1,893)
(588)	(30)	—	(7,298)	(53,420)	(99,775)
—	—	—	—	5	33
\$ (641)	\$ (42)	\$ 227	\$ 7,605	\$ (58,714)	\$ (77,312)
\$ 1,400	\$ —	\$ —	\$ —	\$ —	\$ 1,400
—	(1,400)	—	—	—	(1,400)
—	—	—	(784)	12,682	12,202
\$ 1,400	\$ (1,400)	\$ 0	\$ (784)	\$ 12,682	\$ 12,202
\$ (654)	\$ 541	\$ (343)	\$ (6,318)	\$ 26,355	\$ 15,536
(5)	181	42	161	2,906	9,663
\$ (659)	\$ 722	\$ (301)	\$ (6,157)	\$ 29,261	\$ 25,199
\$ 100	\$ (720)	\$ (74)	\$ 664	\$ (16,771)	\$ (39,911)
\$ 34	\$ 1,444	\$ 311	\$ 0	\$ 28,092	\$ 83,658
\$ 134	\$ 724	\$ 237	\$ 664	\$ 11,321	\$ 43,747
\$ (844)	\$ (42)	\$ 227	\$ 3,937	\$ 88,385	\$ 79,611
—	—	—	3,600	(17,899)	(14,290)
—	—	—	—	(123,152)	(123,152)
4	—	—	4	(282)	(181)
—	—	—	—	2	3
—	—	—	—	—	(4,162)
199	—	—	64	(5,768)	(15,141)
\$ (641)	\$ (42)	\$ 227	\$ 7,605	\$ (58,714)	\$ (77,312)
\$ (19)	\$ (222)	\$ (58)	\$ (8)	\$ (3,979)	\$ (12,903)

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## FIDUCIARY FUNDS

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# State of Georgia

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## Fiduciary Funds

Fiduciary funds are used to account for assets held by the State of Georgia in a fiduciary capacity. The State has the following fiduciary funds.

### **PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS**

Pension and Other Employee Benefit Trust Funds are used to account for activities of the public employee retirement systems and plans. The State's pension and other employee benefit trust funds are described below:

#### **Defined Benefit Pension Plans**

The **Class Nine Fire Department Pension Fund** is used to account for the accumulation of resources for the purpose of paying retirement and death benefits to volunteer firefighters of the State of Georgia.

The **District Attorneys Retirement Fund** (old plan) is used to account for the accumulation of resources for the purpose of paying retirement benefits to the district attorneys of the State of Georgia.

The **Employees' Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for qualified employees of the State of Georgia and its political subdivisions.

The **Firefighter's Pension Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the firemen of the State of Georgia.

The **Georgia Judicial Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for trial judges and solicitors of certain courts in Georgia, and their survivors and beneficiaries, superior court judges of the State of Georgia, and district attorneys of the State of Georgia.

The **Georgia Military Pension Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to members of the Georgia National Guard.

The **Judges of the Probate Courts Retirement Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the judges of the Probate Courts of the State of Georgia.

The **Legislative Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for all members of the General Assembly.

The **Peace Officers' Annuity and Benefit Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the peace officers of the State of Georgia.

The **Public School Employees Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the Teachers Retirement System.

The **Sheriffs' Retirement Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the sheriffs of the State of Georgia.

The **Superior Court Clerks' Retirement Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the Superior Court Clerks of the State of Georgia.

The **Superior Court Judges Retirement Fund** (old plan) is used to account for the accumulation of resources for the purpose of paying retirement benefits to the superior court judges of the State of Georgia.

# State of Georgia

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## Fiduciary Funds

The **Teachers Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances and other benefits for teachers and administrative personnel employed in the public schools and the University System of Georgia.

### **Deferred Compensation/Defined Contribution Pension Plans**

The **Deferred Compensation Plans** are used to account for the accumulation of resources for the purpose of providing retirement allowances for State employees and employees of county health departments who elect to defer a portion of their annual salary until future years.

The **Defined Contribution Plan** is used to account for the accumulation of resources for the purpose of providing retirement allowances for State employees who are not members of a public retirement or pension system.

### **Other Employee Benefit Plan**

The **State Employees' Assurance Department** is used to account for the accumulation of resources for the purpose of providing survivors' benefits for eligible members of the Employees' Retirement System.

## INVESTMENT TRUST FUNDS

Investment Trust Funds are used to account for the external portion of a government sponsored investment pool. The State's investment trust funds are described below:

The **Georgia Extended Asset Pool** is responsible for providing prudent management of public funds on behalf of the State of Georgia and local governments seeking income higher than money market rates.

**Georgia Fund 1** is a combination local and state government investment pool with primary objectives specific to safety of capital, investment income, liquidity and diversification while maintaining principal. This fund was established to enable local governments to voluntarily invest any idle local monies.

The **Regents Investment Pool** invests funds on behalf of units of the university system and their affiliated foundations.

## PRIVATE PURPOSE TRUST FUNDS

Private Purpose Trust Funds are used to report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. The State's private purpose trust funds are described below:

The **Auctioneers Recovery Fund** provides for actual or compensatory damages in instances where a person is aggrieved by an act, representation, transaction, or conduct of a person licensed under OCGA 43-6 (duly licensed auctioneer, apprentice auctioneer, or auction company) who is in violation of state law. Also, the fund is used to help underwrite the cost of developing courses, conducting seminars, conducting research projects on matters affecting auctioneers, publishing and distributing educational materials, or other education and research programs for the benefit of licensees and the public.

The **Real Estate Recovery Fund** provides for actual or compensatory damages in instances where a person is aggrieved by an act, representation, transaction, or conduct of a duly licensed broker, associate broker or salesperson who is in violation of state law. Also, the fund is used to help underwrite the cost of developing courses, conducting seminars, conducting research projects on matters affecting real estate brokerage, publishing and distributing educational materials, or other education and research programs for the benefit of licensees and the public.



# State of Georgia

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## Fiduciary Funds

The **Subsequent Injury Trust Fund** is a special workers' compensation fund designed to encourage employers to hire workers with pre-existing impairments by insuring against the aggravating impact such impairment could have if the worker were subsequently injured on the job.

### AGENCY FUNDS

Agency Funds are used to report assets and liabilities for deposits and investments entrusted to the State as an agent for others. The State's significant agency funds are described below:

The **Child Support Recovery Program** accounts for the collection of court ordered child support or child support amounts due as determined in conformity with the Social Security Act. Amounts collected are distributed and deposited in conformity with state law and the standards prescribed in the Social Security Act.

**County Medicaid Administrative Funds** are billed by the State on behalf of local governments, and represent eligible administrative costs paid at the county level. Amounts collected are distributed to county boards of health.

**Detainees' Accounts** are held for the detainees of statewide probation offices, correctional institutions, diversion centers, detention centers, transitional centers and boot camps for the purpose of paying court ordered fines, fees and restitutions and for operating recreational activities for detainees.

The **Flexible Benefits Program** accounts for participant payroll deductions for benefits and spending accounts; disbursements are made to insurance companies for premiums and to participants for spending account reimbursements.

The **Railroad Car Tax** fund is used to collect railroad car taxes on behalf of county governments and to remit the taxes back to the counties.

The **Real Estate Transfer Tax** fund is used to collect real estate transfer taxes on behalf of county governments and to remit the taxes back to the counties.

**Sales Tax Collections for Local Governments** consist of the **Education Local Option Sales Tax**, **Homestead Option Sales Tax**, **Local Option Sales Tax**, **MARTA Sales Tax**, and **Special Purpose Local Option Sales Tax**. These funds are used to account for the collection and disbursement of local option sales taxes on behalf of county and municipal governments.

The **Telecommunications Relay Service Fund** was established to provide telecommunication services to hearing/speech impaired Georgians. All local exchange telephone companies in the State impose a monthly maintenance surcharge on all residential and business local exchange access facilities, which are deposited into this fund solely for the provisions of the Dual Party Relay System.

The **Universal Service Fund** was established for the purpose of assisting low-income customers in times of emergency by providing energy conservation assistance to such customers; and to provide contributions in aid of construction to permit the electing distribution company to extend and expand its facilities from time to time as the commission deems to be in the public interest. Funding comes from rate refunds from interstate pipeline suppliers, funds deposited by marketers, and various other refunds, surcharges and earnings.

# State of Georgia

## Combining Statement of Fiduciary Net Assets Pension and Other Employee Benefit Trust Funds June 30, 2006 (expressed in thousands)

	Defined Benefit Pension Plans							
	Class Nine Fire Department Pension Fund	District Attorneys Retirement Fund	Employees/ Retirement System	Firefighters' Pension Fund	Georgia Judicial Retirement System	Georgia Military Pension Fund	Judges of the Probate Courts Retirement Fund	Legislative Retirement System
<b>Assets</b>								
Cash and Cash Equivalents	\$ 138	\$ 1	\$ 10,113	\$ 48	\$ 223	\$ 2	\$ 32	\$ 40
Receivables								
Interest and Dividends	—	—	82,281	1,176	—	—	—	—
Due from Brokers for Securities Sold	—	—	58,913	20,749	—	—	97	—
Other	—	—	21,312	—	132	—	—	—
Due from Other Funds	—	—	—	—	—	—	—	—
Investments								
Investment Accounts	—	—	—	564	—	—	—	—
Pooled Investments	3,801	—	12,914,297	(3,801)	269,026	3,051	—	28,281
Mutual Funds	—	—	—	183,865	—	—	2,265	—
Repurchase Agreements	—	—	—	—	—	—	—	—
Municipal, U. S. and Foreign Government Obligations	—	—	—	48,437	—	—	9,799	—
Corporate Bonds/Notes/Debentures	—	—	—	62,982	—	—	8,046	—
Stocks	—	—	—	218,698	—	—	36,507	—
Mortgage Investments	—	—	—	49,614	—	—	755	—
Real Estate Investment Trusts	—	—	—	895	—	—	—	—
Capital Assets								
Land	—	—	944	129	—	—	—	—
Buildings	—	—	2,800	1,605	—	—	—	—
Software	—	—	7,188	—	—	—	—	—
Machinery and Equipment	—	—	795	136	—	—	—	—
Accumulated Depreciation	—	—	(416)	(167)	—	—	—	—
Other Assets	—	—	—	—	—	—	—	—
<b>Total Assets</b>	<b>\$ 3,939</b>	<b>\$ 1</b>	<b>\$ 13,098,227</b>	<b>\$ 584,930</b>	<b>\$ 269,381</b>	<b>\$ 3,053</b>	<b>\$ 57,501</b>	<b>\$ 28,321</b>
<b>Liabilities</b>								
Accounts Payable and Other Accruals	\$ —	\$ —	\$ 2,430	\$ 96	\$ —	\$ —	\$ —	\$ —
Due to Other Funds	—	—	1,073	—	23	—	—	14
Due to Brokers for Securities Purchased	—	—	46,713	26,017	—	—	—	—
Salaries/Withholdings Payable	—	1	14,150	—	151	—	—	19
Unearned Revenue	—	—	—	—	—	—	—	—
Compensated Absences Payable	—	—	—	30	—	—	—	—
Capital Leases Payable	—	—	—	—	—	—	—	—
<b>Total Liabilities</b>	<b>\$ 0</b>	<b>\$ 1</b>	<b>\$ 64,366</b>	<b>\$ 26,143</b>	<b>\$ 174</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 33</b>
<b>Net Assets</b>								
Held in Trust for:								
Pension Benefits	\$ 3,939	\$ 0	\$ 13,033,861	\$ 558,787	\$ 269,207	\$ 3,053	\$ 57,501	\$ 28,288
Other Employee Benefits	—	—	—	—	—	—	—	—
<b>Total Net Assets</b>	<b>\$ 3,939</b>	<b>\$ 0</b>	<b>\$ 13,033,861</b>	<b>\$ 558,787</b>	<b>\$ 269,207</b>	<b>\$ 3,053</b>	<b>\$ 57,501</b>	<b>\$ 28,288</b>

						Deferred Compensation/ Defined Contribution Pension Plans		Other Employee Benefits	
Peace Officers' Annuity and Benefit Fund	Public School Employees Retirement System	Sheriffs' Retirement Fund	Superior Court Clerks' Retirement Fund	Superior Court Judges Retirement Fund	Teachers' Retirement System	Deferred Compensation Plans	Defined Contribution Plan	State Employees' Assurance Department	Total
\$ 3,045	\$ 2	\$ 25	\$ 248	\$ 19	\$ 319	\$ 1,338	\$ 208	\$ 6	\$ 15,807
85	—	293	501	—	254,826	—	36	—	339,198
3,081	—	—	—	—	168,320	—	—	—	251,160
—	—	—	339	1	147,177	2,266	1,059	—	172,286
—	—	—	—	—	—	—	—	1,110	1,110
—	—	(40)	—	—	—	—	—	—	524
74,113	744,226	—	30,105	1,310	—	68	45,871	932,829	15,043,177
174,302	—	6,819	—	—	—	843,522	—	—	1,210,773
—	—	—	250	—	905,623	—	13,355	—	919,228
81,128	—	12,003	35,935	—	14,671,862	—	9,901	—	14,869,065
45,362	—	8,987	—	—	2,571,936	—	—	—	2,697,313
38,700	—	36,130	—	—	28,654,452	—	—	—	28,984,487
—	—	—	—	—	—	—	—	—	50,369
326	—	—	—	—	—	—	—	—	1,221
97	—	—	—	—	944	—	—	—	2,114
305	—	—	—	—	2,800	—	—	—	7,510
—	—	—	—	—	14,980	—	—	—	22,168
145	—	—	—	—	1,499	—	—	—	2,575
(275)	—	—	—	—	(6,721)	—	—	—	(7,579)
1	—	—	—	—	—	—	—	—	1
\$ 420,415	\$ 744,228	\$ 64,217	\$ 67,378	\$ 1,330	\$ 47,388,017	\$ 847,194	\$ 70,430	\$ 933,945	\$ 64,582,507
\$ —	\$ 1	\$ —	\$ 13	\$ —	\$ 9,285	\$ 436	\$ —	\$ —	\$ 12,261
7,947	—	—	—	—	—	—	—	—	1,110
—	538	—	—	—	132,205	—	—	—	212,882
—	—	—	—	30	178	—	—	—	15,067
—	—	—	10	—	—	—	—	—	10
—	—	20	—	—	—	—	—	—	50
3	—	—	—	—	—	—	—	—	3
\$ 7,950	\$ 539	\$ 20	\$ 23	\$ 30	\$ 141,668	\$ 436	\$ 0	\$ 0	\$ 241,383
\$ 412,465	\$ 743,689	\$ 64,197	\$ 67,355	\$ 1,300	\$ 47,246,349	\$ 846,758	\$ 70,430	\$ —	\$ 63,407,179
—	—	—	—	—	—	—	—	933,945	933,945
\$ 412,465	\$ 743,689	\$ 64,197	\$ 67,355	\$ 1,300	\$ 47,246,349	\$ 846,758	\$ 70,430	\$ 933,945	\$ 64,341,124

# State of Georgia

## Combining Statement of Changes in Fiduciary Net Assets Pension and Other Employee Benefit Trust Funds For the Fiscal Year Ended June 30, 2006 (expressed in thousands)

	Defined Benefit Pension Plans							
	Class Nine Fire Department Pension Fund	District Attorneys Retirement Fund	Employees' Retirement System	Firefighters' Pension Fund	Georgia Judicial Retirement System	Georgia Military Pension Fund	Judges of the Probate Courts Retirement Fund	Legislative Retirement System
<b>Additions:</b>								
Contributions								
Employer	\$ —	\$ 90	\$ 258,482	\$ —	\$ 1,683	\$ —	\$ —	\$ 54
Plan Members	36	—	50,963	2,062	4,221	—	163	324
Other Contributions	—	—	—	—	—	—	—	—
Fines and Bond Forfeitures	—	—	—	—	—	—	520	—
Insurance Company Premium Taxes	584	—	—	20,450	—	—	—	—
Insurance Premiums	—	—	—	—	—	—	—	—
Other Fees	—	—	—	—	—	—	613	—
Interest and Other Investment Income								
Dividends and Interest	1	—	357,443	11,833	7,211	60	1,670	775
Net Appreciation (Depreciation) in Investments Reported at Fair Value	215	—	430,213	19,022	8,684	73	1,454	934
Less: Investment Expense	(14)	—	(12,932)	(2,469)	(230)	(2)	(385)	(25)
Other								
Transfers from Other Funds	—	—	—	—	—	891	—	—
Miscellaneous	—	—	—	45	175	—	—	110
<b>Total Additions</b>	<b>\$ 822</b>	<b>\$ 90</b>	<b>\$ 1,084,169</b>	<b>\$ 50,943</b>	<b>\$ 21,744</b>	<b>\$ 1,022</b>	<b>\$ 4,035</b>	<b>\$ 2,172</b>
<b>Deductions:</b>								
General and Administrative Expenses	\$ 15	\$ —	\$ 10,596	\$ 959	\$ 175	\$ —	\$ 71	\$ 110
Benefits	—	90	857,860	21,595	8,902	150	2,271	1,591
Refunds	2	—	6,978	205	379	—	20	18
<b>Total Deductions</b>	<b>\$ 17</b>	<b>\$ 90</b>	<b>\$ 875,434</b>	<b>\$ 22,759</b>	<b>\$ 9,456</b>	<b>\$ 150</b>	<b>\$ 2,362</b>	<b>\$ 1,719</b>
<b>Change in Net Assets Held in Trust for Pension Benefits</b>	<b>\$ 805</b>	<b>\$ 0</b>	<b>\$ 208,735</b>	<b>\$ 28,184</b>	<b>\$ 12,288</b>	<b>\$ 872</b>	<b>\$ 1,673</b>	<b>\$ 453</b>
Net Assets, July 1	3,134	0	12,825,126	530,603	256,919	2,181	55,828	27,835
Inclusion of Deferred Compensation Plans	—	—	—	—	—	—	—	—
Inclusion of State Employees' Assurance Department	—	—	—	—	—	—	—	—
<b>Net Assets, June 30</b>	<b>\$ 3,939</b>	<b>\$ 0</b>	<b>\$ 13,033,861</b>	<b>\$ 558,787</b>	<b>\$ 269,207</b>	<b>\$ 3,053</b>	<b>\$ 57,501</b>	<b>\$ 28,288</b>

						Deferred Compensation/ Defined Contribution Plans		Other Employee Benefits	
Peace Officers' Annuity and Benefit Fund	Public School Employees Retirement System	Sheriffs' Retirement Fund	Superior Court Clerks' Retirement Fund	Superior Court Judges Retirement Fund	Teachers' Retirement System	Deferred Compensation Plans	Defined Contribution Plan	State Employees' Assurance Department	Total
\$ —	\$ 3,638	\$ —	\$ —	\$ 1,910	\$ 853,938	\$ 15,378	\$ —	\$ —	\$ 1,135,173
3,269	1,380	103	111	14	485,721	63,697	14,677	—	626,741
16,056	—	2,422	985	—	—	—	—	—	19,983
—	—	—	—	—	—	—	—	—	21,034
—	—	—	—	—	—	—	—	7,699	7,699
—	—	—	7,319	—	—	—	—	—	2,932
11,131	20,513	1,515	2,703	32	1,274,215	23,173	2,084	25,153	1,739,512
19,346	24,702	3,079	(970)	39	1,459,292	39,094	1,458	30,291	2,036,926
(1,516)	(654)	(266)	(17)	(1)	(42,445)	(451)	(41)	(802)	(62,250)
—	588	—	—	—	1,688	—	—	—	3,167
216	—	114	—	30	—	449	—	—	1,139
\$ 48,502	\$ 50,167	\$ 6,967	\$ 5,131	\$ 2,024	\$ 4,032,409	\$ 141,340	\$ 18,178	\$ 62,341	\$ 5,532,056
\$ 573	\$ 588	\$ 266	\$ 132	\$ 30	\$ 20,173	\$ 2,527	\$ 310	\$ 225	\$ 36,750
16,222	43,504	3,412	3,548	1,908	1,991,431	51,621	—	22,772	3,026,877
253	316	5	—	—	53,138	—	13,216	—	74,530
\$ 17,048	\$ 44,408	\$ 3,683	\$ 3,680	\$ 1,938	\$ 2,064,742	\$ 54,148	\$ 13,526	\$ 22,997	\$ 3,138,157
\$ 31,454	\$ 5,759	\$ 3,284	\$ 1,451	\$ 86	\$ 1,967,667	\$ 87,192	\$ 4,652	\$ 39,344	\$ 2,393,899
381,011	737,930	60,913	65,904	1,214	45,278,682	0	65,778	0	60,293,058
—	—	—	—	—	—	759,566	—	—	759,566
—	—	—	—	—	—	—	—	894,601	894,601
\$ 412,465	\$ 743,689	\$ 64,197	\$ 67,355	\$ 1,300	\$ 47,246,349	\$ 846,758	\$ 70,430	\$ 933,945	\$ 64,341,124

# State of Georgia

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## Combining Statement of Fiduciary Net Assets

### Investment Trust Funds

June 30, 2006

(expressed in thousands)

	Georgia Extended Asset Pool	Georgia Fund 1	Regents Investment Pool	Total
<b>Assets</b>				
Cash and Cash Equivalents	\$ 20,467	\$ 2,970,058	\$ 185	\$ 2,990,710
Investments, at Fair Value				
Pooled Investments	32,677	1,391,421	21,553	1,445,651
Interest Receivable	—	—	65	65
Total Assets	\$ 53,144	\$ 4,361,479	\$ 21,803	\$ 4,436,426
<b>Net Assets</b>				
Held in Trust for Pool Participants	\$ 53,144	\$ 4,361,479	\$ 21,803	\$ 4,436,426

# State of Georgia

## Combining Statement of Changes in Fiduciary Net Assets Investment Trust Funds For the Fiscal Year Ended June 30, 2006 (expressed in thousands)

	Georgia Extended Asset Pool	Georgia Fund 1	Regents Investment Pool	Total
<b>Additions:</b>				
Pool Participant Deposits	\$ 300	\$ 7,189,674	\$ 15,610	\$ 7,205,584
Interest and Other Investment Income				
Dividends and Interest	7,194	169,436	771	177,401
Net Appreciation (Depreciation) in Investments				
Reported at Fair Value	(191)	—	784	593
Less: Investment Expense	(68)	(1,122)	(80)	(1,270)
Total Additions	\$ 7,235	\$ 7,357,988	\$ 17,085	\$ 7,382,308
<b>Deductions:</b>				
Pool Participant Withdrawals	\$ 416,930	\$ 6,234,758	\$ 25,627	\$ 6,677,315
Change in Net Assets Held in Trust for Pool Participants	\$ (409,695)	\$ 1,123,230	\$ (8,542)	\$ 704,993
Net Assets, July 1	462,839	3,238,249	30,345	3,731,433
Net Assets, June 30	\$ 53,144	\$ 4,361,479	\$ 21,803	\$ 4,436,426

# State of Georgia

## Combining Statement of Fiduciary Net Assets Private Purpose Trust Funds June 30, 2006 (expressed in thousands)

	Auctioneers Recovery Fund	Real Estate Recovery Fund	Subsequent Injury Trust Fund	Total
<b>Assets</b>				
Cash and Cash Equivalents	\$ 435	\$ 1,895	\$ 1,020	\$ 3,350
Investments, at Fair Value				
Pooled Investments	—	628	245	873
Capital Assets				
Machinery and Equipment	—	—	179	179
Accumulated Depreciation	—	—	(142)	(142)
Total Assets	\$ 435	\$ 2,523	\$ 1,302	\$ 4,260
<b>Liabilities</b>				
Accounts Payable and Other Accruals	\$ —	\$ —	\$ 2	\$ 2
Compensated Absences Payable	—	—	131	131
Total Liabilities	\$ 0	\$ 0	\$ 133	\$ 133
<b>Net Assets</b>				
Held in Trust for Other Purposes	\$ 435	\$ 2,523	\$ 1,169	\$ 4,127



# State of Georgia

## Combining Statement of Changes in Fiduciary Net Assets Private Purpose Trust Funds For the Fiscal Year Ended June 30, 2006 (expressed in thousands)

	Auctioneers Recovery Fund	Real Estate Recovery Fund	Subsequent Injury Trust Fund	Total
<b>Additions:</b>				
Contributions/Assessments				
Participants	\$ 27	\$ 330	\$ 124,457	\$ 124,814
Interest and Other Investment Income				
Dividends and Interest	3	81	2,424	2,508
Other				
Miscellaneous	—	—	1	1
	<u>30</u>	<u>411</u>	<u>126,882</u>	<u>127,323</u>
Total Additions	\$ 30	\$ 411	\$ 126,882	\$ 127,323
<b>Deductions:</b>				
General and Administrative Expenses	\$ —	\$ 224	\$ 2,346	\$ 2,570
Benefits	—	—	131,295	131,295
	<u>0</u>	<u>224</u>	<u>133,641</u>	<u>133,865</u>
Total Deductions	\$ 0	\$ 224	\$ 133,641	\$ 133,865
Change in Net Assets Held in Trust for Other Purposes	\$ 30	\$ 187	\$ (6,759)	\$ (6,542)
Net Assets, July 1	<u>405</u>	<u>2,336</u>	<u>7,928</u>	<u>10,669</u>
Net Assets, June 30	<u>\$ 435</u>	<u>\$ 2,523</u>	<u>\$ 1,169</u>	<u>\$ 4,127</u>

# State of Georgia

## Combining Statement of Fiduciary Assets and Liabilities

### Agency Funds

June 30, 2006

(expressed in thousands)

	Child Support Recovery Program	County Medicaid Administrative Funds	Detainees' Accounts	Flexible Benefits Program	Railroad Car Tax	Real Estate Transfer Tax	Education Local Option
<b>Assets</b>							
Cash and Cash Equivalents	\$ (717)	\$ (13)	\$ 18,670	\$ 9,421	\$ 7,075	\$ 1,302	\$ 79,139
Accounts Receivable	—	4,964	—	—	—	—	—
Investments, at Fair Value	—	—	—	—	—	—	—
Certificates of Deposit	—	—	—	—	—	—	—
Pooled Investments	—	—	—	2,162	2,592	—	37,075
Other Assets	—	—	—	—	—	—	—
<b>Total Assets</b>	<u>\$ (717)</u>	<u>\$ 4,951</u>	<u>\$ 18,670</u>	<u>\$ 11,583</u>	<u>\$ 9,667</u>	<u>\$ 1,302</u>	<u>\$ 116,214</u>
<b>Liabilities</b>							
Accounts Payable and Other Accruals	\$ 4	\$ 3	\$ —	\$ 8,767	\$ —	\$ —	\$ —
Funds Held for Others	(721)	4,948	18,670	2,816	9,667	1,302	116,214
Other Liabilities	—	—	—	—	—	—	—
<b>Total Liabilities</b>	<u>\$ (717)</u>	<u>\$ 4,951</u>	<u>\$ 18,670</u>	<u>\$ 11,583</u>	<u>\$ 9,667</u>	<u>\$ 1,302</u>	<u>\$ 116,214</u>

Sales Tax Collections for Local Governments				Telecom- munications Relay Service Fund	Universal Service Fund	Miscellaneous	Total
Homestead Option	Local Option	MARTA	Special Purpose Local Option				
\$ 6,143	\$ 68,771	\$ 16,097	\$ 67,493	\$ 12,780	\$ 23,892	\$ 12,955	\$ 323,008
							4,964
						2,658	2,658
2,878	32,277	7,542	31,619	5,939		4,813	126,897
						3,179	3,179
<u>\$ 9,021</u>	<u>\$ 101,048</u>	<u>\$ 23,639</u>	<u>\$ 99,112</u>	<u>\$ 18,719</u>	<u>\$ 23,892</u>	<u>\$ 23,605</u>	<u>\$ 460,706</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	230	9,004
9,021	101,048	26,639	99,112	18,719	23,892	23,874	455,201
		(3,000)				(499)	(3,499)
<u>\$ 9,021</u>	<u>\$ 101,048</u>	<u>\$ 23,639</u>	<u>\$ 99,112</u>	<u>\$ 18,719</u>	<u>\$ 23,892</u>	<u>\$ 23,605</u>	<u>\$ 460,706</u>

# State of Georgia

## Combining Statement of Changes in Fiduciary Assets and Liabilities

### Agency Funds

For the Fiscal Year Ended June 30, 2006

(expressed in thousands)

	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
<b>Child Support Recovery Program</b>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ (2,294)	\$ 636,356	\$ 634,779	\$ (717)
<u>Liabilities</u>				
Accounts Payable and Other Accruals	\$ 0	\$ 4	\$ —	\$ 4
Funds Held for Others	(2,294)	1,240,702	1,239,129	(721)
Total Liabilities	\$ (2,294)	\$ 1,240,706	\$ 1,239,129	\$ (717)
<b>County Medicaid Administrative Funds</b>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 3,748	\$ 6,966	\$ 10,727	\$ (13)
Accounts Receivable	0	11,785	6,821	4,964
Total Assets	\$ 3,748	\$ 18,751	\$ 17,548	\$ 4,951
<u>Liabilities</u>				
Accounts Payable and Other Accruals	\$ 2,279	\$ 6,971	\$ 9,247	\$ 3
Funds Held for Others	1,469	11,787	8,308	4,948
Total Liabilities	\$ 3,748	\$ 18,758	\$ 17,555	\$ 4,951
<b>Detainees' Accounts</b>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 18,028	\$ 18,670	\$ 18,028	\$ 18,670
<u>Liabilities</u>				
Funds Held for Others	\$ 18,028	\$ 18,670	\$ 18,028	\$ 18,670
<b>Flexible Benefits Program</b>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 10,818	\$ 179,480	\$ 180,877	\$ 9,421
Investments	2,093	2,162	2,093	2,162
Other Assets	2,037	157	2,194	0
Total Assets	\$ 14,948	\$ 181,799	\$ 185,164	\$ 11,583
<u>Liabilities</u>				
Accounts Payable and Other Accruals	\$ 1,450	\$ 105,833	\$ 98,516	\$ 8,767
Funds Held for Others	13,498	292,614	303,296	2,816
Total Liabilities	\$ 14,948	\$ 398,447	\$ 401,812	\$ 11,583
<b>Railroad Car Tax</b>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 975	\$ 8,692	\$ 2,592	\$ 7,075
Investments	115	2,592	115	2,592
Total Assets	\$ 1,090	\$ 11,284	\$ 2,707	\$ 9,667
<u>Liabilities</u>				
Funds Held for Others	\$ 1,090	\$ 8,577	\$ —	\$ 9,667

# State of Georgia

## Combining Statement of Changes in Fiduciary Assets and Liabilities

### Agency Funds

For the Fiscal Year Ended June 30, 2006

(expressed in thousands)

	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
<b>Real Estate Transfer Tax</b>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 1,923	\$ —	\$ 621	\$ 1,302
<u>Liabilities</u>				
Funds Held for Others	\$ 1,923	\$ —	\$ 621	\$ 1,302
<b>Sales Tax Collections for Local Governments</b>				
Education Local Option Sales Tax				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 87,533	\$ 1,495,263	\$ 1,503,657	\$ 79,139
Investments	21,422	37,075	21,422	37,075
Total Assets	\$ 108,955	\$ 1,532,338	\$ 1,525,079	\$ 116,214
<u>Liabilities</u>				
Funds Held for Others	\$ 108,955	\$ 1,473,841	\$ 1,466,582	\$ 116,214
Homestead Option Sales Tax				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 6,863	\$ 114,398	\$ 115,118	\$ 6,143
Investments	1,679	2,878	1,679	2,878
Total Assets	\$ 8,542	\$ 117,276	\$ 116,797	\$ 9,021
<u>Liabilities</u>				
Funds Held for Others	\$ 8,542	\$ 112,719	\$ 112,240	\$ 9,021
Local Option Sales Tax				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 77,284	\$ 1,326,344	\$ 1,334,857	\$ 68,771
Investments	18,944	32,277	18,944	32,277
Total Assets	\$ 96,228	\$ 1,358,621	\$ 1,353,801	\$ 101,048
<u>Liabilities</u>				
Funds Held for Others	\$ 96,228	\$ 1,307,400	\$ 1,302,580	\$ 101,048
MARTA Sales Tax				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 20,411	\$ 337,755	\$ 342,069	\$ 16,097
Investments	4,995	7,542	4,995	7,542
Total Assets	\$ 25,406	\$ 345,297	\$ 347,064	\$ 23,639
<u>Liabilities</u>				
Funds Held for Others	\$ (50,853)	\$ 412,020	\$ 334,528	\$ 26,639
Other Liabilities	76,259		79,259	(3,000)
Total Liabilities	\$ 25,406	\$ 412,020	\$ 413,787	\$ 23,639

(continued)

# State of Georgia

## Combining Statement of Changes in Fiduciary Assets and Liabilities Agency Funds (continued) For the Fiscal Year Ended June 30, 2006 (expressed in thousands)

	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
<b>Sales Tax Collections for Local Governments (continued)</b>				
Special Purpose Local Option Sales Tax				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 64,621	\$ 1,173,172	\$ 1,170,300	\$ 67,493
Investments	15,814	31,619	15,814	31,619
Total Assets	<u>\$ 80,435</u>	<u>\$ 1,204,791</u>	<u>\$ 1,186,114</u>	<u>\$ 99,112</u>
<b><u>Liabilities</u></b>				
Funds Held for Others	<u>\$ 80,435</u>	<u>\$ 1,157,358</u>	<u>\$ 1,138,681</u>	<u>\$ 99,112</u>
<b>Telecommunications Relay Service Fund</b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 13,094	\$ 9,076	\$ 9,390	\$ 12,780
Investments	3,180	5,939	3,180	5,939
Total Assets	<u>\$ 16,274</u>	<u>\$ 15,015</u>	<u>\$ 12,570</u>	<u>\$ 18,719</u>
<b><u>Liabilities</u></b>				
Funds Held for Others	<u>\$ 16,274</u>	<u>\$ 5,896</u>	<u>\$ 3,451</u>	<u>\$ 18,719</u>
<b>Universal Service Fund</b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	<u>\$ 30,159</u>	<u>\$ 15,773</u>	<u>\$ 22,040</u>	<u>\$ 23,892</u>
<b><u>Liabilities</u></b>				
Funds Held for Others	<u>\$ 30,159</u>	<u>\$ 15,773</u>	<u>\$ 22,040</u>	<u>\$ 23,892</u>
<b>Miscellaneous</b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 13,942	\$ 64,405	\$ 65,392	\$ 12,955
Accounts Receivable	(239)	379	140	0
Investments	5,493	5,170	3,192	7,471
Other Assets	0	3,179	—	3,179
Total Assets	<u>\$ 19,196</u>	<u>\$ 73,133</u>	<u>\$ 68,724</u>	<u>\$ 23,605</u>
<b><u>Liabilities</u></b>				
Accounts Payable and Other Accruals	\$ 1,200	\$ 13,278	\$ 14,248	\$ 230
Funds Held for Others	17,895	63,236	57,257	23,874
Other Liabilities	101	3,148	3,748	(499)
Total Liabilities	<u>\$ 19,196</u>	<u>\$ 79,662</u>	<u>\$ 75,253</u>	<u>\$ 23,605</u>

# State of Georgia

## Combining Statement of Changes in Fiduciary Assets and Liabilities

### Agency Funds

For the Fiscal Year Ended June 30, 2006

(expressed in thousands)

	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
<b>TOTAL - ALL AGENCY FUNDS</b>				
<u><b>Assets</b></u>				
Cash and Cash Equivalents	\$ 347,105	\$ 5,386,350	\$ 5,410,447	\$ 323,008
Accounts Receivable	(239)	12,164	6,961	4,964
Investments	73,735	127,254	71,434	129,555
Other Assets	2,037	3,336	2,194	3,179
Total Assets	<u>\$ 422,638</u>	<u>\$ 5,529,104</u>	<u>\$ 5,491,036</u>	<u>\$ 460,706</u>
<u><b>Liabilities</b></u>				
Accounts Payable and Other Accruals	\$ 4,929	\$ 126,086	\$ 122,011	\$ 9,004
Funds Held for Others	341,349	6,120,593	6,006,741	455,201
Other Liabilities	76,360	3,148	83,007	(3,499)
Total Liabilities	<u>\$ 422,638</u>	<u>\$ 6,249,827</u>	<u>\$ 6,211,759</u>	<u>\$ 460,706</u>

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## NONMAJOR COMPONENT UNITS

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# State of Georgia

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## Nonmajor Component Units

Component units are legally separate organizations for which the primary government is considered to be financially accountable. Nonmajor component units are described below:

### Economic Development Organizations

The Economic Development organizations cultivate business for the State. These organizations are described below:

The **Geo. L. Smith II Georgia World Congress Center Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The authority is responsible for acquiring, constructing, equipping, maintaining and operating the World Congress Center to promote trade shows, conventions and political, musical, educational, entertainment, recreational, athletic or other events. The Governor appoints the fifteen members of the Board.

The **Georgia Development Authority** is a body corporate and politic. The authority was created to assist agricultural and industrial interests by providing credit and servicing functions to better enable farmers and businessmen to obtain needed capital funds. The Board consists of three State officials designated by statute and four members appointed by the Governor.

The **Georgia International and Maritime Trade Center Authority** is a body corporate and politic. The authority was created to develop and promote the growth of the State's import and export markets through its ports and other transportation modes. State officials appoint eight of the twelve members of the Board.

The **Georgia Ports Authority** is a body corporate and politic. The purpose of the authority is to develop and improve the harbors or seaports of the State for the handling of waterborne commerce and to acquire, construct, equip, maintain, develop and improve said harbors, seaports and their facilities. The Board consists of twelve members, all of which are appointed by the Governor.

The **Georgia Seed Development Commission** is a body corporate and politic and an instrumentality and public corporation of the State whose purpose is to purchase, process, and resell breeders' and foundation seeds. The commission consists of ten members who are accountable as trustees. Of the ten members serving on the Board, six members are State officials or are appointed by State officials.

The **OneGeorgia Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The purpose of the authority is to promote the health, welfare, safety and economic society of the rural citizens of the State through the development and retention of employment opportunities in rural areas and the enhancement of the infrastructures that accomplish that goal. The six members of the Authority are State officials designated by statute.

The **Georgia Higher Education Assistance Corporation** is a public authority, body corporate and politic. The corporation was created to improve the higher educational opportunities of eligible students by guaranteeing educational loan credit to students and to parents of students. The corporation is governed by the Board of Commissioners of the Georgia Student Finance Commission. The Board consists of four State officials designated by statute and eleven members appointed by the Governor.

# State of Georgia

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## Nonmajor Component Units

The **Georgia Highway Authority** is a body corporate and politic. This authority was created to build, rebuild, relocate, construct, reconstruct, surface, resurface, layout, grade, repair, improve, widen, straighten, operate, own, maintain, lease and manage roads, bridges and approaches. The three members of the Authority are State officials designated by statute. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

The **Georgia Public Telecommunications Commission** is a body corporate and politic. This commission is a public charitable organization created for the purpose of providing educational, instructional and public broadcasting services to citizens of Georgia. The budget of the commission must be approved by the State. The Board consists of nine members appointed by the Governor.

The **Georgia Rail Passenger Authority** is a body corporate and politic. This authority is responsible for construction, financing, operation and development of rail passenger service and other public transportation projects. The Board includes one member appointed by the Governor from each congressional district, as well as two appointed members from the State at large.

The **Georgia Regional Transportation Authority** is a body corporate and politic. The purpose of the authority is to manage land transportation and air quality within certain areas of the State. The Governor appoints the fifteen members of the authority.

The **Georgia Student Finance Authority** is a body corporate and politic. This authority was created for the purpose of improving higher educational opportunities by providing educational scholarship, grant and loan assistance. A substantial amount of funding is provided to the authority by the State. State officials comprise four of the fifteen members of the Board, and the Governor appoints the remaining eleven.

The **Higher Education Foundations** are nonprofit organizations established to secure and manage support for various projects including acquisitions and improvements of properties and facilities.

The **Regional Educational Service Agencies** are agencies established to provide shared services to improve the effectiveness of educational programs and services of local school systems and to provide direct instructional programs to selected public school students. The State has sixteen of these agencies.

The **Superior Court Clerks' Cooperative Authority** is a body corporate and politic and an instrumentality and public corporation of the State created to provide a cooperative for the development, acquisition and distribution of record management systems, information, services, supplies and materials for superior court clerks of the State. Of the seven members of the Board, the Governor appoints three. The nature of this organization is such that it would be misleading to exclude it from the reporting entity.

## Tourism / State Attractions

These organizations promote State interests or encourage visitation to the State through the operation and maintenance of various attractions. Organizations involved in such activities are described below:

The **Georgia Agricultural Exposition Authority** is a body corporate and politic. This authority is responsible for provision of a facility for the agricultural community, for public events, exhibits and other activities and for promotion and staging of a statewide fair. The Governor appoints the nine Board members.

# State of Georgia

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## Nonmajor Component Units

The **Georgia Agrirama Development Authority** is a body corporate and politic. The purpose of this authority is to utilize all funds for the purpose of beautifying, improving, developing, maintaining, administering, managing and promoting an agricultural museum in or around Tifton, Georgia; this museum is designated as the State Museum of Agriculture. Of the fifteen members of the Board, four are State officials designated by statute and the Governor appoints eight members.

The **Georgia Golf Hall of Fame Authority** is a body corporate and politic. The authority was created to construct, operate and manage a facility and related attractions to house the Georgia Golf Hall of Fame. The authority is governed by the fifteen members appointed by State officials to the Golf Hall of Fame Board.

The **Georgia Music Hall of Fame Authority** is a body corporate and politic whose purpose is to construct, operate and maintain the Music Hall of Fame, as well as to promote music events at the facility and throughout the State. The Governor appoints the sixteen members of the Board.

The **Georgia Sports Hall of Fame Authority** is a body corporate and politic. This authority was created to construct and maintain a facility to house the Georgia Sports Hall of Fame to honor those who have made outstanding and lasting contributions to sports and athletics, and to operate, advertise and promote the Sports Hall of Fame. State officials appoint the eighteen members of the Board. The Georgia State Financing and Investment Commission must approve the issuance of Authority bonds.

The **Jekyll Island State Park Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The authority was created to operate and manage resort recreational facilities on Jekyll Island. The Board consists of one State official designated by statute and eight members appointed by the Governor.

The **Lake Lanier Islands Development Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The purpose of the authority is to manage, preserve and protect projects on Lake Lanier Islands. The Board consists of one State official designated by statute and eight members appointed by the Governor.

The **North Georgia Mountains Authority** is a body corporate and politic and an instrumentality and public corporation of the State responsible for the construction and management of recreation, accommodation and tourist facilities and services. The Governor appoints the nine members of the Board.

The **Oconee River Greenway Authority** is a body corporate and politic and an instrumentality and public corporation of the State responsible for community land conservation, protection and restoration along the Oconee River corridor. Such projects add both to the quality of life and to economic development in Central Georgia. The Georgia State Financing and Investment Commission must approve the issuance of Authority bonds.

The **Sapelo Island Heritage Authority** is a body corporate and politic. The purpose of the authority is the preservation of the cultural and historic values of Hog Hammock Community located on Greater Sapelo Island. The Board consists of four State officials designated by statute and one member appointed by the Governor. The State has assumed the obligation to provide financial support for real property acquisition.

# State of Georgia

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## Nonmajor Component Units

The **Southwest Georgia Railroad Excursion Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The authority was created for the purposes of construction, financing, operation, and development of rail passenger excursion projects utilizing any state owned railway in southwest Georgia. The thirteen member Board is appointed by officials of counties and municipalities within the service area. The Georgia State Financing and Investment Commission must approve the issuance of bonds.

The **Stone Mountain Memorial Association** is a body corporate and politic and an instrumentality and public corporation of the State. The Authority is responsible for the preservation and protection of Stone Mountain as a Confederate memorial and public recreational area. The Board consists of one State official designated by statute and eight members appointed by the Governor.

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# State of Georgia

## Combining Statement of Net Assets Nonmajor Component Units June 30, 2006 (expressed in thousands)

	Economic Development Organizations (see combining)	Georgia Higher Education Assistance Corporation	Georgia Highway Authority	Georgia Public Telecommunications Commission	Georgia Rail Passenger Authority
<b>Assets</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 218,241	\$ 16,030	\$ 524	\$ 6,440	\$ —
Investments	75,947	—	4,487	10,665	31
Receivables					
Accounts (Net)	38,201	36	—	1,071	—
Taxes	298	—	—	—	—
Interest and Dividends	1,721	—	—	—	—
Notes and Loans	81,762	—	—	—	—
Due from Primary Government	—	—	—	—	—
Due from Component Units	—	—	—	—	—
Intergovernmental Receivables	—	893	—	—	—
Inventories	5,289	—	—	13	—
Prepaid Items	447	—	—	—	—
Other Current Assets	—	—	—	—	3,515
<b>Noncurrent Assets:</b>					
Investments	4,176	—	—	—	—
Receivables (Net)					
Notes and Loans	2,979	—	—	—	—
Other	—	—	—	—	—
Due from Primary Government	—	—	—	—	—
Due from Component Units	—	—	—	—	—
<b>Restricted Assets</b>					
Cash and Cash Equivalents	8,909	—	—	—	—
Investments	37,518	—	—	—	—
Receivables					
Other	122	—	—	—	—
<b>Capital Assets:</b>					
Land	190,723	—	—	1,279	—
Buildings and Building Improvements	336,718	—	—	26,127	—
Improvements Other Than Buildings	216,665	—	—	—	—
Machinery and Equipment	224,734	—	—	23,308	—
Works of Art and Collections	—	—	—	—	—
Infrastructure	171,898	—	—	—	—
Construction in Progress	17,997	—	—	—	—
Accumulated Depreciation	(437,696)	—	—	(26,427)	—
Other Noncurrent Assets	4,036	—	—	—	—
<b>Total Assets</b>	<b>\$ 1,200,685</b>	<b>\$ 16,959</b>	<b>\$ 5,011</b>	<b>\$ 42,476</b>	<b>\$ 3,546</b>



<u>Georgia Regional Transportation Authority</u>	<u>Georgia Student Finance Authority</u>	<u>Higher Education Foundations</u>	<u>Regional Educational Service Agencies</u>	<u>Superior Court Clerks' Cooperative Authority</u>	<u>Tourism / State Attractions (see combining)</u>	<u>Total</u>
\$ 27,815	\$ 5,723	\$ 220,974	\$ 17,998	\$ 3,180	\$ 16,143	\$ 533,068
7,704	—	86,678	1,034	—	31,024	217,570
7,864	1,022	172,546	3,327	1,678	3,322	229,067
—	—	—	—	—	—	298
—	2,420	—	—	—	—	4,141
—	97,022	985	—	—	—	179,769
—	1,342	729	—	—	—	2,071
—	—	3,162	—	—	—	3,162
2,185	671	—	2,684	—	—	6,433
—	—	5,984	2,911	—	567	14,764
—	—	8,152	115	—	44	8,758
—	415	51,321	80	—	—	55,331
—	—	1,039,751	—	3,664	—	1,047,591
—	3,197	482	—	—	—	6,658
—	—	302,233	—	—	—	302,233
—	—	7,875	—	—	—	7,875
—	—	77,787	—	—	—	77,787
—	—	219,038	—	7,866	—	235,813
—	—	—	—	—	—	37,518
—	—	—	—	—	—	122
—	374	40,611	228	—	21,213	254,428
—	4,933	736,410	2,565	63	171,746	1,278,562
8	—	19,707	321	—	35,669	272,370
44,159	3,770	182,454	2,474	11,216	38,863	530,978
—	—	—	—	—	201	201
—	—	—	—	—	12,107	184,005
—	224	173,124	—	—	11,085	202,430
(8,900)	(5,601)	(229,072)	(2,255)	(8,671)	(116,794)	(835,416)
—	—	30,263	—	27	386	34,712
\$ 80,835	\$ 115,512	\$ 3,151,194	\$ 31,482	\$ 19,023	\$ 225,576	\$ 4,892,299

(continued)

# State of Georgia

## Combining Statement of Net Assets Nonmajor Component Units (continued) June 30, 2006 (expressed in thousands)

	Economic Development Organizations (see combining)	Georgia Higher Education Assistance Corporation	Georgia Highway Authority	Georgia Public Telecommunications Commission	Georgia Rail Passenger Authority
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Cash Overdraft	\$ —	\$ —	\$ —	\$ —	\$ 3,414
Accounts Payable and Other Accruals	18,932	1,384	—	213	95
Due to Primary Government	44	—	—	19	—
Due to Component Units	—	—	—	—	—
Salaries/Withholdings Payable	1,722	—	—	—	—
Contracts Payable	93	—	—	—	—
Funds Held for Others	—	—	—	—	—
Unearned Revenue	23,304	—	—	1,237	—
Compensated Absences Payable - Current	1,742	—	—	443	—
Capital Leases/Installment Purchases Payable - Current	—	—	—	—	—
Notes and Loans Payable - Current	4,547	—	—	—	—
Revenue Bonds Payable - Current	2,100	—	—	—	—
Other Current Liabilities	—	2,448	—	—	—
<b>Current Liabilities Payable from Restricted Assets:</b>					
Accrued Interest Payable	4,571	—	—	—	—
Revenue Bonds Payable - Current	6,780	—	—	—	—
<b>Noncurrent Liabilities:</b>					
Deferred Revenue	—	—	—	—	—
Compensated Absences Payable	1,264	—	—	594	—
Capital Leases/Installment Purchases Payable	—	—	—	—	—
Notes and Loans Payable	29,728	—	—	—	—
Revenue/Mortgage Bonds Payable	175,812	—	—	—	—
Advances from Primary Government	—	—	—	—	—
Other Noncurrent Liabilities	17,835	—	—	—	—
<b>Total Liabilities</b>	<b>\$ 288,474</b>	<b>\$ 3,832</b>	<b>\$ 0</b>	<b>\$ 2,506</b>	<b>\$ 3,509</b>
<b>Net Assets</b>					
Invested in Capital Assets, Net of Related Debt	\$ 535,494	\$ —	\$ —	\$ 24,287	\$ —
<b>Restricted for:</b>					
Bond Covenants/Debt Service	32,647	—	—	—	—
Construction	—	—	—	—	—
Higher Education	—	—	—	—	—
Expendable	—	—	—	—	—
Nonexpendable	—	—	—	—	—
Other Purposes	1,119	—	—	385	—
Unrestricted	342,951	13,127	5,011	15,298	37
<b>Total Net Assets</b>	<b>\$ 912,211</b>	<b>\$ 13,127</b>	<b>\$ 5,011</b>	<b>\$ 39,970</b>	<b>\$ 37</b>

Georgia Regional Transportation Authority	Georgia Student Finance Authority	Higher Education Foundations	Regional Educational Service Agencies	Superior Court Clerks' Cooperative Authority	Tourism / State Attractions (see combining)	Total
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	3,414
13,206	13,882	66,641	2,278	1,521	9,844	127,996
24	—	74,022	1	2	2,833	76,945
—	—	2,743	—	—	—	2,743
14	—	4,608	4,224	—	415	10,983
—	—	—	—	—	—	93
—	—	25,123	—	—	—	25,123
19,816	1,959	63,542	150	25	645	110,678
—	688	10,716	11	—	185	13,785
—	—	3,282	72	—	—	3,354
—	43,000	2,488	—	—	—	50,035
—	—	17,045	—	—	—	19,145
1	2,645	15,607	—	7,866	583	29,150
—	—	—	—	—	—	4,571
—	—	—	—	—	—	6,780
—	—	194,735	—	—	—	194,735
285	—	—	277	—	737	3,157
—	—	25,493	137	—	18	25,648
—	—	46,951	—	—	—	76,679
—	—	1,183,789	—	—	—	1,359,601
—	—	2,336	—	—	26,294	28,630
—	—	31,586	—	—	—	49,421
<u>\$ 33,346</u>	<u>\$ 62,174</u>	<u>\$ 1,770,707</u>	<u>\$ 7,150</u>	<u>\$ 9,414</u>	<u>\$ 41,554</u>	<u>\$ 2,222,666</u>
\$ 35,267	\$ 3,699	\$ 195,804	\$ 3,335	\$ 2,608	\$ 169,425	\$ 969,919
—	—	—	—	—	—	32,647
—	—	74	—	—	—	74
—	—	425,907	—	—	—	425,907
—	—	464,296	—	—	—	464,296
2,886	—	—	—	—	—	4,390
9,336	49,639	294,406	20,997	7,001	14,597	772,400
<u>\$ 47,489</u>	<u>\$ 53,338</u>	<u>\$ 1,380,487</u>	<u>\$ 24,332</u>	<u>\$ 9,609</u>	<u>\$ 184,022</u>	<u>\$ 2,669,633</u>

# State of Georgia

## Combining Statement of Activities Nonmajor Component Units For the Fiscal Year Ended June 30, 2006 (expressed in thousands)

	Economic Development Organizations (see combining)	Georgia Higher Education Assistance Corporation	Georgia Highway Authority	Georgia Public Telecommunications Commission	Georgia Rail Passenger Authority
Expenses	\$ 277,510	\$ 11,750	\$ —	\$ 33,816	\$ 659
Program Revenues:					
Sales and Charges for Services	\$ 264,015	\$ 14,866	\$ —	\$ 3,816	\$ —
Operating Grants and Contributions	10,593	—	—	9,102	—
Capital Grants and Contributions	9,682	—	—	209	—
Total Program Revenues	\$ 284,290	\$ 14,866	\$ 0	\$ 13,127	\$ 0
Net (Expenses) Revenue	\$ 6,780	\$ 3,116	\$ 0	\$ (20,689)	\$ (659)
General Revenues:					
Taxes	\$ 24,919	\$ —	\$ —	\$ —	\$ —
Unrestricted Investment Income	12,540	577	202	538	3
Payments from the State of Georgia	47,123	—	—	16,959	—
Permanent Endowment Contributions	—	—	—	—	—
Other	4,034	—	—	—	(232)
Total General Revenues	\$ 88,616	\$ 577	\$ 202	\$ 17,497	\$ (229)
Change in Net Assets	\$ 95,396	\$ 3,693	\$ 202	\$ (3,192)	\$ (888)
Net Assets, July 1	816,815	9,434	4,809	43,162	925
Change in Accounting Principle	—	—	—	—	—
Correction of Prior Year Errors	—	—	—	—	—
Capital Assets	—	—	—	—	—
Net Assets, June 30	\$ 912,211	\$ 13,127	\$ 5,011	\$ 39,970	\$ 37

Georgia Regional Transportation Authority	Georgia Student Finance Authority	Higher Education Foundations	Regional Educational Service Agencies	Superior Court Clerks' Cooperative Authority	Tourism / State Attractions (see combining)	Total
\$ 36,856	\$ 20,287	\$ 1,158,418	\$ 94,573	\$ 16,067	\$ 61,191	\$ 1,711,127
\$ 4,930	\$ 24,193	\$ 600,626	\$ 18,357	\$ 17,157	\$ 49,647	\$ 997,607
13,102	352	500,489	69,854	—	395	603,887
23,418	—	—	—	—	2,841	36,150
\$ 41,450	\$ 24,545	\$ 1,101,115	\$ 88,211	\$ 17,157	\$ 52,883	\$ 1,637,644
\$ 4,594	\$ 4,258	\$ (57,303)	\$ (6,362)	\$ 1,090	\$ (8,308)	\$ (73,483)
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,361	\$ 26,280
1,100	258	106,939	505	267	1,060	123,989
4,363	—	31,510	—	—	4,081	104,036
—	—	17,984	—	—	—	17,984
463	—	3,716	7,972	603	941	17,497
\$ 5,926	\$ 258	\$ 160,149	\$ 8,477	\$ 870	\$ 7,443	\$ 289,786
\$ 10,520	\$ 4,516	\$ 102,846	\$ 2,115	\$ 1,960	\$ (865)	\$ 216,303
36,969	48,822	1,225,851	22,217	7,649	191,086	2,407,739
—	—	51,790	—	—	—	51,790
—	—	—	—	—	(6,199)	(6,199)
\$ 47,489	\$ 53,338	\$ 1,380,487	\$ 24,332	\$ 9,609	\$ 184,022	\$ 2,669,633

# State of Georgia

## Combining Statement of Net Assets Nonmajor Component Units Economic Development Organizations June 30, 2006 (expressed in thousands)

	Geo. L. Smith II Georgia World Congress Center Authority	Georgia Development Authority	Georgia International and Maritime Trade Center Authority
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 35,996	\$ 10,097	\$ 2,589
Investments	169	3	—
Receivables			
Accounts (Net)	6,094	—	290
Taxes	—	—	298
Interest and Dividends	—	1,721	—
Notes and Loans	—	70,757	—
Inventories	439	—	—
Prepaid Items	135	—	—
Noncurrent Assets:			
Investments	—	—	—
Receivables (Net)	—	—	—
Notes and Loans	—	—	—
Restricted Assets			
Cash and Cash Equivalents	8,909	—	—
Investments	37,218	—	—
Receivables	—	—	—
Other	122	—	—
Capital Assets:			
Land	37,283	—	—
Buildings and Building Improvements	209,403	—	—
Improvements Other Than Buildings	35,798	—	1,083
Machinery and Equipment	20,123	56	3,216
Infrastructure	—	—	—
Construction in Progress	—	—	62
Accumulated Depreciation	(119,424)	(16)	(2,235)
Other Noncurrent Assets	—	—	—
Total Assets	\$ 272,265	\$ 82,618	\$ 5,303

Georgia Ports Authority	Georgia Seed Development Commission	OneGeorgia Authority	Total
\$ 52,887	\$ 1,952	\$ 114,720	\$ 218,241
21,878	542	53,355	75,947
31,295	522	—	38,201
—	—	—	298
—	—	—	1,721
2,186	—	8,819	81,762
4,676	174	—	5,289
312	—	—	447
4,176	—	—	4,176
2,979	—	—	2,979
—	—	—	8,909
300	—	—	37,518
—	—	—	122
153,294	146	—	190,723
127,315	—	—	336,718
179,784	—	—	216,665
201,316	—	23	224,734
171,898	—	—	171,898
17,935	—	—	17,997
(316,013)	—	(8)	(437,696)
4,036	—	—	4,036
\$ 660,254	\$ 3,336	\$ 176,909	\$ 1,200,685
(continued)			

# State of Georgia

## Combining Statement of Net Assets Nonmajor Component Units Economic Development Organizations (continued) June 30, 2006 (expressed in thousands)

	Geo. L. Smith II Georgia World Congress Center Authority	Georgia Development Authority	Georgia International and Maritime Trade Center Authority
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable and Other Accruals	\$ 4,946	\$ 956	\$ 128
Due to Primary Government	6	—	—
Salaries/Withholdings Payable	1,014	—	—
Contracts Payable	—	—	93
Unearned Revenue	23,239	—	—
Compensated Absences Payable - Current	206	—	—
Notes and Loans Payable - Current	—	4,171	43
Revenue Bonds Payable - Current	—	—	—
Current Liabilities Payable from Restricted Assets:			
Accrued Interest Payable	4,571	—	—
Revenue Bonds Payable - Current	6,780	—	—
Noncurrent Liabilities:			
Compensated Absences Payable	1,264	—	—
Notes and Loans Payable	—	29,295	124
Revenue/Mortgage Bonds Payable	153,495	—	—
Other Noncurrent Liabilities	9,031	4,743	—
<b>Total Liabilities</b>	<b>\$ 204,552</b>	<b>\$ 39,165</b>	<b>\$ 388</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	\$ 22,907	\$ 40	\$ 1,959
Restricted for:			
Bond Covenants/Debt Service	32,647	—	—
Other Purposes	819	—	—
Unrestricted	11,340	43,413	2,956
<b>Total Net Assets</b>	<b>\$ 67,713</b>	<b>\$ 43,453</b>	<b>\$ 4,915</b>



Georgia Ports Authority	Georgia Seed Development Commission	OneGeorgia Authority	Total
\$ 12,640	\$ —	\$ 262	\$ 18,932
38	—	—	44
708	—	—	1,722
—	—	—	93
65	—	—	23,304
1,536	—	—	1,742
333	—	—	4,547
2,100	—	—	2,100
—	—	—	4,571
—	—	—	6,780
—	—	—	1,264
309	—	—	29,728
22,317	—	—	175,812
4,061	—	—	17,835
<u>\$ 44,107</u>	<u>\$ 0</u>	<u>\$ 262</u>	<u>\$ 288,474</u>
\$ 510,427	\$ 146	\$ 15	\$ 535,494
—	—	—	32,647
300	—	—	1,119
<u>105,420</u>	<u>3,190</u>	<u>176,632</u>	<u>342,951</u>
<u>\$ 616,147</u>	<u>\$ 3,336</u>	<u>\$ 176,647</u>	<u>\$ 912,211</u>

# State of Georgia

## Combining Statement of Activities Nonmajor Component Units Economic Development Organizations For the Fiscal Year Ended June 30, 2006 (expressed in thousands)

	Geo. L. Smith II Georgia World Congress Center Authority	Georgia Development Authority	Georgia International and Maritime Trade Center Authority
Expenses	\$ <u>86,016</u>	\$ <u>2,821</u>	\$ <u>2,438</u>
Program Revenues:			
Sales and Charges for Services	\$ 71,109	\$ 5,009	\$ 407
Operating Grants and Contributions	286	—	—
Capital Grants and Contributions	<u>—</u>	<u>—</u>	<u>61</u>
Total Program Revenues	\$ <u>71,395</u>	\$ <u>5,009</u>	\$ <u>468</u>
Net (Expenses) Revenue	\$ <u>(14,621)</u>	\$ <u>2,188</u>	\$ <u>(1,970)</u>
General Revenues:			
Taxes	\$ 22,671	\$ —	\$ 2,248
Unrestricted Investment Income	2,613	187	80
Payments from the State of Georgia	<u>—</u>	<u>—</u>	<u>—</u>
Other	<u>59</u>	<u>—</u>	<u>1</u>
Total General Revenues	\$ <u>25,343</u>	\$ <u>187</u>	\$ <u>2,329</u>
Change in Net Assets	\$ 10,722	\$ 2,375	\$ 359
Net Assets, July 1	<u>56,991</u>	<u>41,078</u>	<u>4,556</u>
Net Assets, June 30	\$ <u><u>67,713</u></u>	\$ <u><u>43,453</u></u>	\$ <u><u>4,915</u></u>

<u>Georgia Ports Authority</u>	<u>Georgia Seed Development Commission</u>	<u>OneGeorgia Authority</u>	<u>Total</u>
\$ <u>149,884</u>	\$ <u>6,671</u>	\$ <u>29,680</u>	\$ <u>277,510</u>
\$ 180,831	\$ 6,659	\$ —	\$ 264,015
10,307	—	—	10,593
<u>9,621</u>	<u>—</u>	<u>—</u>	<u>9,682</u>
\$ <u>200,759</u>	\$ <u>6,659</u>	\$ <u>0</u>	\$ <u>284,290</u>
\$ <u>50,875</u>	\$ <u>(12)</u>	\$ <u>(29,680)</u>	\$ <u>6,780</u>
\$ —	\$ —	\$ —	\$ 24,919
2,726	158	6,776	12,540
—	—	47,123	47,123
<u>3,894</u>	<u>77</u>	<u>3</u>	<u>4,034</u>
\$ <u>6,620</u>	\$ <u>235</u>	\$ <u>53,902</u>	\$ <u>88,616</u>
\$ 57,495	\$ 223	\$ 24,222	\$ 95,396
<u>558,652</u>	<u>3,113</u>	<u>152,425</u>	<u>816,815</u>
\$ <u><u>616,147</u></u>	\$ <u><u>3,336</u></u>	\$ <u><u>176,647</u></u>	\$ <u><u>912,211</u></u>

# State of Georgia

## Combining Statement of Net Assets Nonmajor Component Units Tourism/State Attractions June 30, 2006 (expressed in thousands)

	Georgia Agricultural Exposition Authority	Georgia Agrirama Development Authority	Georgia Golf Hall of Fame Authority	Georgia Music Hall of Fame Authority	Georgia Sports Hall of Fame Authority
<b>Assets</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 541	\$ 338	\$ 513	\$ 1,072	\$ 331
Investments	—	—	—	—	—
Receivables					
Accounts (Net)	90	—	—	—	4
Inventories	—	31	33	88	43
Prepaid Items	—	—	—	—	1
Noncurrent Assets:					
Capital Assets:					
Land	4,890	450	—	—	—
Buildings and Building Improvements	29,144	1,678	—	—	—
Improvements Other Than Buildings	—	—	1,765	—	—
Machinery and Equipment	1,311	119	—	129	145
Works of Art and Collections	—	79	—	—	—
Infrastructure	—	—	—	—	—
Construction in Progress	—	—	—	—	—
Accumulated Depreciation	(8,311)	(744)	(294)	(118)	(125)
Other Noncurrent Assets	—	—	—	386	—
Total Assets	\$ 27,665	\$ 1,951	\$ 2,017	\$ 1,557	\$ 399
<b>Liabilities</b>					
Current Liabilities:					
Accounts Payable and Other Accruals	\$ 260	\$ —	\$ 1	\$ —	\$ 5
Due to Primary Government	—	—	—	—	—
Salaries/Withholdings Payable	—	—	—	—	—
Unearned Revenue	180	7	—	—	—
Compensated Absences Payable - Current	—	—	—	—	—
Other Current Liabilities	—	—	—	17	—
Noncurrent Liabilities:					
Compensated Absences Payable	206	56	—	—	42
Capital Leases/Installment Purchases Payable	18	—	—	—	—
Advances from Primary Government	—	—	—	—	—
Total Liabilities	\$ 664	\$ 63	\$ 1	\$ 17	\$ 47
<b>Net Assets</b>					
Invested in Capital Assets, Net of Related Debt	\$ 27,034	\$ 1,582	\$ 1,471	\$ 11	\$ 20
Unrestricted	(33)	306	545	1,529	332
Total Net Assets	\$ 27,001	\$ 1,888	\$ 2,016	\$ 1,540	\$ 352

Jekyll Island State Park Authority	Lake Lanier Islands Development Authority	North Georgia Mountains Authority	Oconee River Greenway Authority	Sapelo Island Heritage Authority	Southwest Georgia Railroad Excursion Authority	Stone Mountain Memorial Association	Total
\$ 2,762	\$ 1,791	\$ 8,105	\$ 60	\$ 6	\$ 292	\$ 332	\$ 16,143
393	5,953	2,227	—	—	—	22,451	31,024
3,216	—	6	—	—	—	6	3,322
357	—	—	—	—	—	15	567
18	—	—	—	—	—	25	44
147	—	2,445	135	4,162	—	8,984	21,213
40,397	—	25,340	—	—	—	75,187	171,746
10,875	—	—	—	—	—	23,029	35,669
3,614	—	2,890	—	—	588	30,067	38,863
—	—	—	—	—	—	122	201
12,107	—	—	—	—	—	—	12,107
4,251	6,491	—	—	—	—	343	11,085
(19,930)	—	(20,410)	—	—	(379)	(66,483)	(116,794)
—	—	—	—	—	—	—	386
<u>\$ 58,207</u>	<u>\$ 14,235</u>	<u>\$ 20,603</u>	<u>\$ 195</u>	<u>\$ 4,168</u>	<u>\$ 501</u>	<u>\$ 94,078</u>	<u>\$ 225,576</u>
\$ 569	\$ 81	\$ 8,091	\$ —	\$ —	\$ 154	\$ 683	\$ 9,844
732	666	1,435	—	—	—	—	2,833
415	—	—	—	—	—	—	415
458	—	—	—	—	—	—	645
185	—	—	—	—	—	—	185
535	—	4	21	—	6	—	583
409	24	—	—	—	—	—	737
—	—	—	—	—	—	—	18
3,932	11,226	11,136	—	—	—	—	26,294
<u>\$ 7,235</u>	<u>\$ 11,997</u>	<u>\$ 20,666</u>	<u>\$ 21</u>	<u>\$ 0</u>	<u>\$ 160</u>	<u>\$ 683</u>	<u>\$ 41,554</u>
\$ 46,796	\$ 6,491	\$ 10,264	\$ 135	\$ 4,163	\$ 209	\$ 71,249	\$ 169,425
4,176	(4,253)	(10,327)	39	5	132	22,146	14,597
<u>\$ 50,972</u>	<u>\$ 2,238</u>	<u>\$ (63)</u>	<u>\$ 174</u>	<u>\$ 4,168</u>	<u>\$ 341</u>	<u>\$ 93,395</u>	<u>\$ 184,022</u>

# State of Georgia

## Combining Statement of Activities

### Nonmajor Component Units

#### Tourism/State Attractions

For the Fiscal Year Ended June 30, 2006

(expressed in thousands)

	Georgia Agricultural Exposition Authority	Georgia Agrirama Development Authority	Georgia Golf Hall of Fame Authority	Georgia Music Hall of Fame Authority	Georgia Sports Hall of Fame Authority	Jekyll Island State Park Authority
Expenses	\$ 9,120	\$ 1,704	\$ 1,064	\$ 244	\$ 1,266	\$ 16,914
Program Revenues:						
Sales and Charges for Services	\$ 5,674	\$ 372	\$ 109	\$ 304	\$ 132	\$ 14,495
Operating Grants and Contributions	—	—	143	—	198	48
Capital Grants and Contributions	—	—	—	—	—	2,841
Total Program Revenues	\$ 5,674	\$ 372	\$ 252	\$ 304	\$ 330	\$ 17,384
Net (Expenses) Revenue	\$ (3,446)	\$ (1,332)	\$ (812)	\$ 60	\$ (936)	\$ 470
General Revenues:						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,361
Unrestricted Investment Income	18	2	23	29	2	119
Payments from the State of Georgia	2,230	1,122	—	—	725	—
Other	—	75	—	43	112	—
Total General Revenues	\$ 2,248	\$ 1,199	\$ 23	\$ 72	\$ 839	\$ 1,480
Change in Net Assets	\$ (1,198)	\$ (133)	\$ (789)	\$ 132	\$ (97)	\$ 1,950
Net Assets, July 1	28,199	2,021	2,805	5,907	2,149	49,022
Correction of Prior Year Errors	—	—	—	(4,499)	(1,700)	—
Capital Assets	—	—	—	(4,499)	(1,700)	—
Net Assets, June 30	\$ 27,001	\$ 1,888	\$ 2,016	\$ 1,540	\$ 352	\$ 50,972

Lake Lanier Islands Development Authority	North Georgia Mountains Authority	Oconee River Greenway Authority	Sapelo Island Heritage Authority	Southwest Georgia Railroad Excursion Authority	Stone Mountain Memorial Association	Total
\$ 776	\$ 18,421	\$ 10	\$ —	\$ 764	\$ 10,908	\$ 61,191
\$ 3,200	\$ 15,517	\$ —	\$ —	\$ 494	\$ 9,350	\$ 49,647
—	—	6	—	—	—	395
—	—	—	—	—	—	2,841
\$ 3,200	\$ 15,517	\$ 6	\$ 0	\$ 494	\$ 9,350	\$ 52,883
\$ 2,424	\$ (2,904)	\$ (4)	\$ 0	\$ (270)	\$ (1,558)	\$ (8,308)
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,361
238	—	4	—	—	625	1,060
—	—	—	—	4	—	4,081
632	—	16	—	—	63	941
\$ 870	\$ 0	\$ 20	\$ 0	\$ 4	\$ 688	\$ 7,443
\$ 3,294	\$ (2,904)	\$ 16	\$ 0	\$ (266)	\$ (870)	\$ (865)
(1,056)	2,841	158	4,168	607	94,265	191,086
—	—	—	—	—	—	(6,199)
\$ 2,238	\$ (63)	\$ 174	\$ 4,168	\$ 341	\$ 93,395	\$ 184,022

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## STATISTICAL SECTION

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# State of Georgia

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## Statistical Section

This part of the *Comprehensive Annual Financial Report* presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the State's overall financial health.

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These schedules contain trend information to help the reader understand how the State's financial performance and well-being have changed over time.

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**Sources:** Unless otherwise noted, the information in these schedules is derived from the *Comprehensive Annual Financial Reports* for the relevant year. The State implemented GASB Statement 34 in fiscal year 2002; schedules presenting government-wide information include information beginning in that year.

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# State of Georgia

## Schedule 1 Net Assets by Component For the Last Five Fiscal Years (accrual basis of accounting) (amounts expressed in thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	\$ 9,802,538	\$ 10,494,765	\$ 10,073,116	\$ 10,914,903	\$ 11,274,666
Restricted	1,399,081	1,292,107	2,166,594	2,248,834	2,164,233
Unrestricted	4,238,321	2,885,711	1,381,037	1,332,716	994,617
Total Governmental Activities Net Assets	<u>\$ 15,439,940</u>	<u>\$ 14,672,583</u>	<u>\$ 13,620,747</u>	<u>\$ 14,496,453</u>	<u>\$ 14,433,516</u>
Business-Type Activities					
Invested in Capital Assets, Net of Related Debt	\$ 3,132,336	\$ 3,517,358	\$ 3,849,935	\$ 4,214,124	\$ 4,387,218
Restricted	1,858,883	1,313,230	1,269,663	1,599,878	1,767,054
Unrestricted	839,774	710,036	604,687	366,419	374,831
Total Business-Type Activities Net Assets	<u>\$ 5,830,993</u>	<u>\$ 5,540,624</u>	<u>\$ 5,724,285</u>	<u>\$ 6,180,421</u>	<u>\$ 6,529,103</u>
Total Primary Government					
Invested in Capital Assets, Net of Related Debt	\$ 12,934,874	\$ 14,012,123	\$ 13,923,051	\$ 15,129,027	\$ 15,661,884
Restricted	3,257,964	2,605,337	3,436,257	3,848,712	3,931,287
Unrestricted	5,078,095	3,595,747	1,985,724	1,699,135	1,369,448
Total Primary Government Net Assets	<u>\$ 21,270,933</u>	<u>\$ 20,213,207</u>	<u>\$ 19,345,032</u>	<u>\$ 20,676,874</u>	<u>\$ 20,962,619</u>

Source: Financial Statements included in Current and Prior Years' *Comprehensive Annual Financial Reports*

# State of Georgia

## Schedule 2 Changes in Net Assets For the Last Five Fiscal Years (accrual basis of accounting) (amounts expressed in thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
<b>Expenses</b>					
Governmental Activities					
General Government	\$ 1,133,811	\$ 1,411,121	\$ 1,900,816	\$ 1,354,451	\$ 1,562,693
Education	7,558,467	7,942,981	8,007,435	8,376,252	9,030,145
Health and Welfare	10,100,531	10,299,189	11,370,543	11,847,414	11,238,207
Transportation	1,458,959	1,096,837	1,844,281	2,316,638	1,624,369
Public Safety	1,693,449	1,779,432	1,712,346	1,781,048	1,715,838
Economic Development and Assistance	714,287	729,878	738,425	702,879	696,800
Culture and Recreation	216,506	199,873	237,831	225,821	263,813
Conservation	81,753	57,885	49,089	48,791	60,660
Interest and Other Charges on Long-Term Debt	319,094	342,748	319,034	318,860	326,741
Total Governmental Activities	\$ 23,276,857	\$ 23,859,944	\$ 26,179,800	\$ 26,972,154	\$ 26,519,266
Business-Type Activities					
Georgia Technology Authority	\$ 217,334	\$ 207,165	\$ 198,937	\$ 193,918	\$ 176,153
Higher Education Fund	4,286,201	4,640,361	4,762,820	5,310,815	5,292,112
State Employees' Health Benefit Plan	1,503,456	1,677,982	1,850,125	2,092,457	2,182,743
Unemployment Compensation Fund	861,474	995,169	877,555	584,260	582,171
Total Business-Type Activities	\$ 6,868,465	\$ 7,520,677	\$ 7,689,437	\$ 8,181,450	\$ 8,233,179
Total Primary Government Expenses	\$ 30,145,322	\$ 31,380,621	\$ 33,869,237	\$ 35,153,604	\$ 34,752,445
<b>Program Revenues</b>					
Governmental Activities					
Sales and Charges for Services					
General Government	\$ 751,959	\$ 447,223	\$ 214,580	\$ 267,756	\$ 787,894
Health and Welfare	1,333,912	780,018	1,198,094	1,435,224	706,876
Public Safety	324,425	382,390	395,988	412,572	141,432
Other Sales and Charges for Services	579,771	225,889	448,103	437,569	284,498
Operating Grants and Contributions	7,597,051	8,674,421	9,457,170	9,213,591	9,393,686
Capital Grants and Contributions	534,745	621,391	828,453	1,014,144	1,032,961
Total Governmental Activities	\$ 11,121,863	\$ 11,131,332	\$ 12,542,388	\$ 12,780,856	\$ 12,347,347
Business-Type Activities					
Sales and Charges for Services					
Georgia Technology Authority	\$ 218,944	\$ 207,891	\$ 198,869	\$ 204,246	\$ 177,137
Higher Education Fund	1,009,853	1,210,452	1,349,989	1,730,328	1,567,385
Unemployment Compensation Fund	113,864	128,546	530,481	—	—
Operating Grants and Contributions	3,333,379	3,224,705	3,330,386	4,050,853	4,374,153
Capital Grants and Contributions	65,457	29	148,407	40,029	45,965
Total Business-Type Activities	\$ 4,741,497	\$ 4,771,623	\$ 5,558,132	\$ 6,025,456	\$ 6,164,640
Total Primary Government Program Revenues	\$ 15,863,360	\$ 15,902,955	\$ 18,100,520	\$ 18,806,312	\$ 18,511,987

# State of Georgia

## Schedule 2

### Changes in Net Assets

### For the Last Five Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
Net (Expense) Revenue					
Governmental Activities	\$ (12,154,994)	\$ (12,728,612)	\$ (13,637,412)	\$ (14,191,298)	\$ (14,171,919)
Business-Type Activities	(2,126,968)	(2,749,054)	(2,131,305)	(2,155,994)	(2,068,539)
Total Primary Government	<u>\$ (14,281,962)</u>	<u>\$ (15,477,666)</u>	<u>\$ (15,768,717)</u>	<u>\$ (16,347,292)</u>	<u>\$ (16,240,458)</u>
General Revenues and Other Changes in Net Assets					
Governmental Activities					
General Revenues					
Taxes					
Personal Income	\$ 6,597,862	\$ 6,339,352	\$ 6,876,663	\$ 7,133,515	\$ 8,104,465
Sales - General	4,368,297	4,710,046	4,799,239	5,309,167	5,603,743
Other Taxes	1,930,212	1,910,795	2,058,832	2,385,602	2,451,385
Grants and Contributions not restricted to specific programs	411	337	177	—	—
Unrestricted Investment Income	74,384	260,409	116,615	208,656	196,422
Unclaimed Property	40,658	43,719	54,074	75,353	107,149
Other	731,808	760,377	1,094,273	1,011,803	958,131
Special Items	—	(907)	—	—	—
Transfers	(2,181,906)	(2,132,446)	(2,294,450)	(2,340,526)	(2,306,278)
Total Governmental Activities	<u>\$ 11,561,726</u>	<u>\$ 11,891,682</u>	<u>\$ 12,705,423</u>	<u>\$ 13,783,570</u>	<u>\$ 15,115,017</u>
Business-Type Activities					
General Revenues					
Unrestricted Investment Income	\$ 28,396	\$ 107,562	\$ 58,647	\$ 88,207	\$ 110,942
Special Items	(2,900)	—	—	—	—
Transfers	2,181,906	2,132,446	2,294,450	2,340,526	2,306,278
Total Business-Type Activities	<u>\$ 2,207,402</u>	<u>\$ 2,240,008</u>	<u>\$ 2,353,097</u>	<u>\$ 2,428,733</u>	<u>\$ 2,417,220</u>
Total Primary Government General Revenues and Other Changes in Net Assets	<u>\$ 13,769,128</u>	<u>\$ 14,131,690</u>	<u>\$ 15,058,520</u>	<u>\$ 16,212,303</u>	<u>\$ 17,532,237</u>
Changes in Net Assets					
Governmental Activities	\$ (593,268)	\$ (836,930)	\$ (931,989)	\$ (407,728)	\$ 943,098
Business-Type Activities	80,434	(509,046)	221,792	272,739	348,681
Total Primary Government	<u>\$ (512,834)</u>	<u>\$ (1,345,976)</u>	<u>\$ (710,197)</u>	<u>\$ (134,989)</u>	<u>\$ 1,291,779</u>

Source: Financial Statements included in Current and Prior Years' *Comprehensive Annual Financial Reports* and supporting working papers (certain amounts restated for purposes of comparability)

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# State of Georgia

## Schedule 3 Fund Balance of Governmental Funds For the Last Five Fiscal Years (modified accrual basis of accounting) (amounts expressed in thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
General Fund					
Reserved	\$ 3,004,971	\$ 2,944,712	\$ 3,319,425	\$ 3,430,424	\$ 3,342,233
Unreserved	1,499,182	421,985	228,852	335,828	924,590
Total General Fund	<u>\$ 4,504,153</u>	<u>\$ 3,366,697</u>	<u>\$ 3,548,277</u>	<u>\$ 3,766,252</u>	<u>\$ 4,266,823</u>
All Other Governmental Funds					
Reserved	\$ 232,531	\$ 116,698	\$ 1,639	\$ 1,027	\$ 1,028
Unreserved, Reported in					
Special Revenue Funds	—	—	—	—	1,219
Capital Projects Funds	1,799,293	1,355,723	1,236,105	804,079	1,207,665
Total All Other Governmental Funds	<u>\$ 2,031,824</u>	<u>\$ 1,472,421</u>	<u>\$ 1,237,744</u>	<u>\$ 805,106</u>	<u>\$ 1,209,912</u>

Source: Financial Statements included in Current and Prior Years' *Comprehensive Annual Financial Reports*  
(certain amounts restated for purposes of comparability)

# State of Georgia

## Schedule 4 Changes in Fund Balances of Governmental Funds For the Last Five Fiscal Years (modified accrual basis of accounting) (amounts expressed in thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
Revenues					
Taxes					
Personal Income	\$ 6,597,862	\$ 6,339,352	\$ 6,876,663	\$ 7,133,515	\$ 8,104,465
Sales - General	4,368,297	4,710,046	4,799,240	5,309,167	5,603,743
Other Taxes	1,930,212	1,910,795	2,058,832	2,385,603	2,451,385
Licenses and Permits	448,263	425,770	452,008	496,178	539,158
Intergovernmental - Federal	8,189,311	8,905,213	10,226,522	10,152,667	10,024,646
Intergovernmental - Other	—	—	—	—	117,040
Sales and Services	1,678,090	1,148,835	1,657,989	1,732,902	994,996
Fines and Forfeits	257,484	270,341	238,662	265,708	303,788
Interest and Other Investment Income	244,858	191,237	36,427	103,155	186,974
Rents and Royalties	15,675	16,352	18,979	16,200	15,937
Contributions and Donations	229,163	322,727	53,239	76,531	118,399
Penalties and Interest on Taxes	6,457	7,750	4,827	8,542	10,758
Unclaimed Property	40,659	43,719	54,074	75,353	107,149
Lottery Proceeds	726,202	751,557	801,381	802,083	822,797
Nursing Home Provider Fees	—	—	92,768	99,271	95,607
Other	75,386	(2,299)	31,608	111,613	241,697
Total Revenues	\$ 24,807,919	\$ 25,041,395	\$ 27,403,219	\$ 28,768,488	\$ 29,738,539
Expenditures					
Current					
General Government	\$ 839,639	\$ 997,061	\$ 978,666	\$ 1,088,655	\$ 1,158,810
Education	7,567,495	7,948,434	8,014,842	8,359,398	9,031,188
Health and Welfare	10,090,829	10,249,541	11,374,111	11,861,217	11,270,055
Transportation	1,716,885	1,681,771	1,701,666	1,804,448	2,079,873
Public Safety	1,686,971	1,755,103	1,692,289	1,696,260	1,788,074
Economic Development and Assistance	708,073	742,169	728,330	688,658	685,680
Culture and Recreation	235,249	236,631	240,504	246,261	282,422
Conservation	86,891	56,668	48,624	57,677	61,041
Capital Outlay	761,810	825,245	837,904	485,995	478,109
Debt Service					
Principal	449,258	511,006	507,110	524,583	570,042
Interest	314,201	344,757	343,489	332,808	324,893
Other Charges	3,293	(5,833)	3,802	1,037	(2,497)
Intergovernmental	—	—	—	—	243,347
Total Expenditures	\$ 24,460,594	\$ 25,342,553	\$ 26,471,337	\$ 27,146,997	\$ 27,971,037
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 347,325	\$ (301,158)	\$ 931,882	\$ 1,621,491	\$ 1,767,502

# State of Georgia

## Schedule 4

### Changes in Fund Balances of Governmental Funds

#### For the Last Five Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
Other Financing Sources (Uses)					
General Obligation Bonds Issuance	\$ 1,229,428	\$ 552,514	\$ 955,395	\$ 206,875	\$ 1,236,010
Refunding Bonds Issuance	—	—	—	458,605	425,000
Premium on General Obligation Bonds Sold	—	—	—	4,815	4,040
Premium on Refunding Bonds Sold	—	—	—	61,957	46,399
Payment to Refunded Bond Escrow Agent	—	—	—	(519,316)	(469,479)
Proceeds from Disposition of General Capital Assets	3,966	5,228	2,191	—	600
Capital Leases	2,354	1,796	323	1,644	1,085
Other Financing Agreements	54,670	—	—	—	—
Transfers In	1,513,165	956,732	943,719	1,023,279	1,022,503
Transfers Out	(3,570,391)	(2,898,429)	(2,906,674)	(3,050,444)	(3,165,858)
Net Other Financing Sources (Uses)	\$ (766,808)	\$ (1,382,159)	\$ (1,005,046)	\$ (1,812,585)	\$ (899,700)
Other Adjustments to Fund Balance	\$ —	\$ (1,077)	\$ (461)	\$ (23,569)	\$ 37,112
Net Change in Fund Balance	\$ (419,483)	\$ (1,684,394)	\$ (73,625)	\$ (214,663)	\$ 904,914
Debt Service Expenditures as a Percentage of Noncapital Expenditures	3.45%	3.60%	3.45%	3.28%	3.44%

Source: Financial Statements included in Current and Prior Years' *Comprehensive Annual Financial Reports* and supporting working papers

Noncapital expenditures are calculated as total expenditures less capital outlay expenditures less capital expenditures in current expenditure functions. Capital expenditures in current expenditure functions are identified in the process of reconciling Governmental Funds to Governmental Activities.

# State of Georgia

## Schedule 5

### Revenue Base – Personal Income by Industry For the Last Ten Fiscal Years (amounts expressed in millions)

	Fiscal				
	1997	1998	1999	2000	2001
Agriculture/Forestry, Fishing and Other	\$ 797	\$ 919	\$ 1,007	\$ 1,136	\$ 752
Construction	7,898	8,648	10,067	10,925	11,487
Farm Earnings	1,622	1,730	2,083	1,693	1,943
Federal, Civilian	5,527	5,693	5,888	6,452	6,556
Finance, Insurance and Real Estate	10,986	12,335	12,975	14,201	15,758
Manufacturing	23,477	25,072	26,211	27,356	24,732
Military	3,462	3,524	3,562	3,791	4,200
Mining	414	431	475	478	510
Retail Trade	12,969	13,845	15,243	16,298	13,286
Services	36,363	40,067	44,891	50,339	69,873
State and Local Government	15,314	16,429	17,119	18,180	19,160
Transportation and Public Utilities	13,445	14,723	16,656	18,765	11,724
Wholesale Trade	11,962	13,509	14,966	16,044	13,839
Other	36,659	39,669	38,703	43,319	46,578
Total Personal Income	\$ 180,895	\$ 196,594	\$ 209,846	\$ 228,977	\$ 240,398
Average Effective Rate (a)	2.643%	2.739%	2.796%	2.814%	2.855%

Source: U. S. Department of Commerce, Bureau of Economic Analysis

(a) The total direct rate for personal income is not available. The average effective rate was calculated by dividing personal income tax collections (see Schedule 4) by total personal income.

**Year**

	2002	2003	2004	2005	2006
\$	669	\$ 665	\$ 688	\$ 711	\$ 767
	11,532	11,526	12,749	13,792	15,436
	990	2,079	1,960	1,884	1,214
	7,156	7,504	7,966	8,349	8,812
	16,422	17,199	18,150	19,464	21,173
	24,618	24,159	25,496	26,402	28,497
	4,747	5,517	5,885	6,574	6,576
	501	506	555	572	655
	13,595	13,589	14,088	14,940	15,850
	70,626	71,619	76,373	82,017	89,915
	20,561	21,877	22,966	24,006	25,542
	12,086	11,939	12,765	12,433	13,026
	13,778	13,680	14,624	15,675	17,216
	48,184	48,391	48,485	53,286	56,352
\$	<u>245,465</u>	<u>\$ 250,250</u>	<u>\$ 262,750</u>	<u>\$ 280,105</u>	<u>\$ 301,031</u>

2.688%

2.533%

2.617%

2.547%

2.69%

# State of Georgia

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## Schedule 6

### Personal Income Tax Rates by Filing Status and Income Level For the Last Ten Fiscal Years

#### Filing Status

Georgia Taxable Net Income Level

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1997 - 2006

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#### Single

Not Over \$750	1%
Over \$750 But Not Over \$2,250	\$7.50 Plus 2% of Amount Over \$750
Over \$2,250 But Not Over \$3,750	\$37.50 Plus 3% of Amount Over \$2,250
Over \$3,750 But Not Over \$5,250	\$82.50 Plus 4% of Amount Over \$3,750
Over \$5,250 But Not Over \$7,000	\$142.50 Plus 5% of Amount Over \$5,250
Over \$7,000	\$230.00 Plus 6% of Amount Over \$7,000

#### Married Filing Separately

Not Over \$500	1%
Over \$500 But Not Over \$1,500	\$5.00 Plus 2% of Amount Over \$500
Over \$1,500 But Not Over \$2,500	\$25.00 Plus 3% of Amount Over \$1,500
Over \$2,500 But Not Over \$3,500	\$55.00 Plus 4% of Amount Over \$2,500
Over \$3,500 But Not Over \$5,000	\$95.00 Plus 5% of Amount Over \$3,500
Over \$5,000	\$170.00 Plus 6% of Amount Over \$5,000

#### Head of Household and Married Filing Jointly

Not Over \$1000	1%
Over \$1000 But Not Over \$3,000	\$10.00 Plus 2% of Amount Over \$1,000
Over \$3,000 But Not Over \$5,000	\$50.00 Plus 3% of Amount Over \$3,000
Over \$5,000 But Not Over \$7,000	\$110.00 Plus 4% of Amount Over \$5,000
Over \$7,000 But Not Over \$10,000	\$190.00 Plus 5% of Amount Over \$7,000
Over \$10,000	\$340.00 Plus 6% of Amount Over \$10,000

Source: OCGA Section 48-7-20, Paragraph (b)(1)

# State of Georgia

## Schedule 7

### Personal Income Tax Filers and Liability by Income Level Tax (Calendar) Year 2004<sup>(1)</sup> and Nine Years Previous (1995) (dollars, except income level, are in thousands)

Income Level	1995				2004			
	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$1,000 and under <sup>(2)</sup>	217,470	7.07%	\$ 123,811	3.17%	498,000	13.19%	\$ 405,783	6.06%
\$1,001 to \$5,000	314,046	10.21%	473	0.01%	265,000	7.02%	8	0.00%
\$5,001 to \$10,000	355,391	11.55%	17,274	0.44%	341,000	9.03%	8,293	0.12%
\$10,001 to \$15,000	336,732	10.95%	64,105	1.64%	320,000	8.47%	38,576	0.58%
\$15,001 to \$20,000	305,698	9.94%	121,059	3.10%	287,000	7.60%	86,874	1.30%
\$20,001 to \$25,000	250,672	8.15%	156,983	4.03%	261,000	6.91%	134,756	2.01%
\$25,001 to \$30,000	193,376	6.29%	169,799	4.35%	227,000	6.01%	166,988	2.49%
\$30,001 to \$50,000	520,247	16.91%	720,950	18.49%	607,000	16.07%	758,902	11.33%
\$50,001 to \$100,000	449,042	14.60%	1,199,067	30.75%	653,000	17.29%	1,729,706	25.81%
\$100,001 to \$500,000	126,218	4.10%	929,406	23.83%	301,000	7.97%	2,209,210	32.97%
\$500,001 to \$1,000,000	4,775	0.16%	160,282	4.11%	11,000	0.29%	404,356	6.03%
\$1,000,001 and higher	2,120	0.07%	236,596	6.07%	6,000	0.16%	757,470	11.30%
Totals	3,075,787	100.00%	\$ 3,899,805	100.00%	3,777,000	100.00%	\$ 6,700,922	100.00%

(1) Most recent available data.

(2) Category also includes payments from out-of-state residents and partial-year payers

Source: Georgia Department of Revenue Annual Statistical Report

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# State of Georgia

## Schedule 8

### Ratios of Outstanding Debt by Type

#### For the Last Five Fiscal Years

(amounts expressed in thousands, except per capita amounts)

Fiscal Year	General Bonded Debt			Percentage of Personal Income <sup>(1)</sup>	Outstanding Debt Per Capita <sup>(1)</sup>	Other Governmental Activities Debt	
	General Obligation	General State				Capital	Notes and
	Bonds	Bond Debt				Leases <sup>(2)</sup>	Loans
2006	\$ 6,909,343	\$ 0	2.27%	\$ 737.87	\$ 4,748	\$ 796	
2005	6,238,934	0	2.23%	687.67	5,122	3,583	
2004	6,513,380	16	2.48%	730.35	4,892	2,506	
2003	6,083,975	16	2.43%	695.56	5,424	2,570	
2002	6,058,295	16	2.47%	705.95	5,911	2,632	

Fiscal Year	Business-Type Activities		Total Primary Government	Percentage of Personal Income <sup>(1)</sup>	Outstanding Debt Per Capita <sup>(1)</sup>
	Capital Leases	Notes and Loans			
2006	\$ 839,926	\$ 2,618	\$ 7,757,431	2.27%	\$ 828.44
2005	678,055	4,244	6,929,938	2.47%	763.83
2004	479,272	2,512	7,002,578	2.67%	785.21
2003	186,428	2,845	6,281,258	2.51%	718.12
2002	93,263	2,345	6,162,462	2.51%	718.09

(1) See Schedule 10 - Population/Demographics - for personal income and population data.

(2) The Independent Auditor's Report has noted inadequacies in the State's capital lease reporting.

Source: Financial Information included in Current and Prior Years' *Comprehensive Annual Financial Reports*

# State of Georgia

## Schedule 9 Computation of Legal Debt Margin For the Last Ten Fiscal Years

	Fiscal				
	1997	1998	1999	2000	2001
<b>Revenue Base:</b>					
Treasury Receipts for the Preceding Fiscal Year (1)	\$ 11,166,835,592	\$ 11,905,829,999	\$ 12,478,602,944	\$ 13,539,916,503	\$ 14,959,980,702
<b>Debt Limit Amount:</b>					
Highest Aggregate Annual Commitments (Principal and Interest) Permitted Under Constitutional Limitation (10% of above)	\$ 1,116,683,559	\$ 1,190,583,000	\$ 1,247,860,294	\$ 1,353,991,650	\$ 1,495,998,070
<b>Debt Applicable to the Limit:</b>					
Highest Total Annual Commitments in Current or any Subsequent Fiscal Year	585,184,681	580,531,875	634,072,712	656,448,838	660,903,018
<b>Legal Debt Margin</b>	\$ 531,498,878	\$ 610,051,125	\$ 613,787,582	\$ 697,542,812	\$ 835,095,052
<b>Total Debt Applicable to the Limit as a Percentage of Debt Limit Amount</b>	52.40%	48.76%	50.81%	48.48%	44.18%

(1) Includes Indigent Care Trust Fund Receipts, Lottery Proceeds and Tobacco Settlement Funds

Source: Prior year CAFRs, other annual state reports, Georgia State Financing and Investment Commission, Constitution of the State of Georgia

Note: The Constitution of the State of Georgia limits the combined total of highest annual debt service requirements for general obligation and guaranteed revenue debt to 10 percent of the prior year's revenue collections.

Year				
2002	2003	2004	2005	2006
\$ 15,768,578,047	\$ 15,126,479,334	\$ 14,737,541,220	\$ 15,527,985,501	\$ 16,786,849,029
\$ 1,576,857,805	\$ 1,512,647,933	\$ 1,473,754,122	\$ 1,552,798,550	\$ 1,678,684,903
881,667,486	819,243,571	959,876,954	932,636,053	935,230,555
\$ 695,190,319	\$ 693,404,362	\$ 513,877,168	\$ 620,162,497	\$ 743,454,348
55.91%	54.16%	65.13%	60.06%	55.71%

# State of Georgia

## Schedule 10 Population/Demographics For the Last Ten Fiscal Years

Year	Population	Personal Income (in millions)	Per Capita Personal Income	Public School Enrollment	Unemployment Rate
2006	9,363,941	\$ 301,031	\$ 32,148	1,588,803	5.20%
2005	9,072,576	280,105	30,874	1,544,044	5.70%
2004	8,918,129	262,750	29,462	1,513,521	5.30%
2003	8,746,849	250,250	28,610	1,486,694	5.60%
2002	8,581,731	245,465	28,603	1,459,827	5.30%
2001	8,415,600	240,398	28,566	1,435,174	4.20%
2000	8,230,155	228,977	27,822	1,412,840	3.90%
1999	7,788,240	209,846	26,944	1,390,341	4.00%
1998	7,636,522	196,594	25,744	1,365,549	4.60%
1997	7,486,094	180,895	24,164	1,333,846	4.90%

Source: Population - U. S. Department of Commerce, Bureau of the Census (midyear population estimates)  
 Personal Income - U. S. Department of Commerce, Bureau of Economic Analysis (second quarter annualized)  
 Public School Enrollment - Georgia Department of Education  
 Unemployment Rate - Georgia Department of Labor

# State of Georgia

## Schedule 11

### Ten Largest Employers

#### Fiscal Year 2006 and Nine Years Previous (1997)

	1997			2006		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Wal-Mart Stores, Incorporated	37,500	1	1.05	52,653	1	1.17
Publix Supermarkets, Incorporated				20,755	2	0.46
The Kroger Company				20,500	3	0.46
Delta Air Lines, Incorporated	22,860	2	0.64	20,147	4	0.45
Shaw Industries, Incorporated	16,000	5	0.45	19,000	5	0.42
BellSouth Corporation	16,500	3	0.46	18,000	6	0.40
Mohawk Industries				17,186	7	0.38
The Home Depot Incorporated				13,184	8	0.29
Bank of America				13,101	9	0.29
United Parcel Services, Incorporated				13,000	10	0.29
Promina Health System	16,500	4	0.46			
K-Mart Corporation	15,300	6	0.43			
First American Home Care of Georgia	15,000	7	0.42			
A T & T Company	14,472	8	0.41			
The Southern Company/Georgia Power Company	12,400	9	0.35			
Columbia Healthcare Corporation	12,000	10	0.34			
	<u>178,532</u>		<u>5.01%</u>	<u>207,526</u>		<u>4.63%</u>
Total Employment	3,563,236			4,485,878		

Source: Employers - Georgia Department of Economic Development  
Total Employment - Georgia Department of Labor

# State of Georgia

## Schedule 12

### State Government Employment by Function For the Last Ten Fiscal Years

	Fiscal				
	1997	1998	1999	2000	2001
Governmental Activities					
General Government	8,474	8,426	8,087	8,874	8,422
Education	975	963	916	1,034	949
Health and Welfare	15,017	13,921	13,213	14,557	13,869
Transportation	6,038	6,322	6,407	6,905	7,073
Public Safety	20,380	21,614	22,431	25,706	25,135
Economic Development and Assistance	2,322	2,442	2,472	2,749	2,608
Culture and Recreation	2,743	2,600	2,660	3,071	2,453
Conservation	826	802	798	872	831
	<u>56,775</u>	<u>57,090</u>	<u>56,984</u>	<u>63,768</u>	<u>61,340</u>
Business-Type Activities (1)					
Georgia Technology Authority (2)	17	15	21	16	125
Higher Education Fund	53,525	57,330	61,888	58,799	60,694
	<u>53,542</u>	<u>57,345</u>	<u>61,909</u>	<u>58,815</u>	<u>60,819</u>
	<u>110,317</u>	<u>114,435</u>	<u>118,893</u>	<u>122,583</u>	<u>122,159</u>

(1) Employees of certain Business-Types Activities organizations are included in Governmental Activities as follows:

Employees of the State Employees' Health Benefit Plan are included as employees of the Department of Community Health in Health and Welfare.

Employees of the Unemployment Compensation Fund are included as employees of the Department of Labor in Economic Development and Assistance.

(2) Until fiscal year 2001, a portion of the activities of the Georgia Technology Authority were performed by the Department of Administrative Services which is included in General Government.

Source: Georgia Department of Audits and Accounts

**Year**

2002	2003	2004	2005	2006
6,326	6,857	6,927	7,352	6,779
942	925	1,011	1,156	1,129
10,601	12,048	19,918	22,081	22,170
6,083	5,916	5,844	5,850	5,769
22,751	23,586	23,077	22,949	23,266
4,112	4,729	4,675	4,614	4,589
2,119	2,956	2,864	2,927	2,945
746	765	1,065	726	742
53,680	57,782	65,381	67,655	67,389
762	732	650	630	562
71,644	80,222	79,160	81,893	74,073
72,406	80,954	79,810	82,523	74,635
126,086	138,736	145,191	150,178	142,024

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## Schedule 13 Operating Indicators by Function For the Last Ten Fiscal Years

	Fiscal				
	1997	1998	1999	2000	2001
General Government					
Department of Revenue					
Number of Personal Income Tax Returns Processed	3,129,582	3,337,074	3,525,631	3,629,290	3,650,428
Education					
Department of Education					
Public School Enrollment (March FTE Count)					
Pre Kindergarten through Grade 5	685,592	702,967	715,540	724,115	728,824
Grades 6 through 8	309,771	313,610	319,681	326,668	336,804
Grades 9 through 12	338,483	348,972	355,120	362,057	369,546
Board of Regents of the University System of Georgia					
Number of Separate Institutions	34	34	34	34	34
Number of Active Educators	9,194	9,426	7,729	7,858	7,765
Number of Students	204,332	205,389	200,102	203,806	205,878
Health and Welfare					
Department of Human Resources					
Food Stamp Recipients	**	638,936	587,476	516,609	515,538
Temporary Assistance for Needy Families Recipients	**	220,430	153,060	133,023	123,671
Child Support					
Collections	** \$	333,223,596 \$	368,468,569 \$	402,854,914 \$	430,333,275
Children Served	**	353,285	651,575	676,868	679,814
Transportation					
Department of Transportation					
Miles of State Highway	17,947	17,954	17,983	17,990	18,106
Public Safety					
Department of Corrections					
Number of Inmates	**	**	41,630	43,732	45,463
Number of Probationers	**	**	139,527	134,855	122,739
Economic Development and Assistance					
Department of Economic Development					
Economic Impact of Tourism (in millions of \$):					
Domestic Traveler Spending	**	**	**	**	**
Domestic Travel Generated					
State Tax Revenues	**	**	**	**	**
Culture and Recreation:					
Department of Natural Resources					
Number of State Parks	48	48	48	49	51
Number of Historic Sites	15	15	15	17	17
Area of State Parks and Historic Sites	72,500 acres	71,150 acres	73,143 acres	75,712 acres	78,942 acres
Conservation					
Forestry Commission					
Economic Impact of Forestry Industry					
Output (in millions of \$)	**	**	**	**	19,522
Employment	**	**	**	**	77,266
Compensation (in millions of \$)	**	**	**	** \$	3,626

Source: NCA - Not Currently Available

\*\* - Historical Information Not Available

Information obtained from the individual organizations listed.



Year

	2002	2003	2004	2005	2006
	3,658,705	3,689,675	3,777,000	NCA	NCA
	730,948	735,821	745,115	757,383	782,428
	349,056	358,592	364,051	367,122	369,809
	379,823	392,281	404,355	419,539	436,566
	34	34	34	35	35
	7,947	8,870	8,981	9,335	NCA
	217,546	233,098	247,020	250,659	253,552
	576,522	700,876	847,886	908,073	NCA
	130,409	138,624	135,515	99,370	NCA
\$	463,537,442	\$ 523,744,227	\$ 554,198,341	\$ 595,920,825	NCA
	625,944	624,068	516,045	515,062	NCA
	18,055	18,019	18,084	18,084	18,084
	46,937	47,111	48,619	47,304	NCA
	121,500	130,505	128,395	115,177	NCA
\$	23,879	\$ 24,729	\$ 26,127	\$ 27,989	NCA
\$	683	\$ 709	\$ 740	\$ 779	NCA
	58	48	48	48	48
	15	15	15	15	15
	68,271 acres	72,835 acres	72,835 acres	72,835 acres	72,835 acres
	16,085	12,679	14,163	16,150	NCA
	70,715	65,706	67,633	67,694	NCA
\$	3,241	\$ 3,007	\$ 3,299	\$ 3,422	NCA

# State of Georgia

## Schedule 14

### Value of Capital Assets<sup>(1)</sup> by Function For the Last Ten Fiscal Years (amounts expressed in thousands)

	Fiscal				
	1997	1998	1999	2000	2001
<b>Governmental Activities</b>					
General Government	\$ 336,995	\$ 313,759	\$ 290,996	\$ 301,060	\$ 306,905
Education	44,088	47,040	48,768	49,204	43,380
Health and Welfare	287,895	314,536	333,889	345,825	374,986
Transportation	177,443	189,025	205,731	217,426	237,188
Public Safety	827,342	927,638	972,331	1,004,581	1,057,767
Economic Development and Assistance	109,070	113,874	122,939	131,189	127,799
Culture and Recreation	228,800	246,139	274,815	314,780	360,981
Conservation	68,541	71,242	74,006	79,849	85,066
Internal Service Funds <sup>(2)</sup>	412,532	422,278	429,369	388,933	348,692
Total Governmental Activities	\$ 2,492,706	\$ 2,645,531	\$ 2,752,844	\$ 2,832,847	\$ 2,942,764
<b>Business-Type Activities</b>					
Georgia Technology Authority <sup>(3)</sup>	\$ 2,789	\$ 2,951	\$ 2,938	\$ 3,462	\$ 15,542
Higher Education Fund	4,593,713	5,059,861	5,543,395	5,899,539	6,152,637
State Employees' Health Benefit Plan	231	314	360	60	158
Internal Service Funds <sup>(2)</sup>	1,102	1,104	1,112	1,112	1,111
Total Business-Type Activities	\$ 4,597,835	\$ 5,064,230	\$ 5,547,805	\$ 5,904,173	\$ 6,169,448
<b>Total Value of Capital Assets</b>	<b>\$ 7,090,541</b>	<b>\$ 7,709,761</b>	<b>\$ 8,300,649</b>	<b>\$ 8,737,020</b>	<b>\$ 9,112,212</b>

- (1) The State of Georgia implemented GASB Statement 34 in fiscal year 2002. GASB Statement 34 significantly changed the manner in which governments report capital asset balances and activity. Fixed asset balances for fiscal years prior to 2002 have been presented in GASB Statement 34 format.
- (2) The values of capital assets owned by internal service fund organizations are proportionately included in governmental activities and business-type activities in government-wide financial reporting.
- (3) Until fiscal year 2001, a portion of the capital assets of the Georgia Technology Authority were owned by the Department of Administrative Services which is included in General Government.

Source: Financial Statements included in Current and Prior Years' *Comprehensive Annual Financial Reports* and supporting documentation.

**Year**

	2002	2003	2004	2005	2006
\$	1,860,067	\$ 1,744,348	\$ 1,374,287	\$ 1,255,785	\$ 1,485,191
	17,167	87,995	85,219	35,463	36,129
	244,653	255,346	270,634	272,154	297,143
	16,556,539	16,384,990	17,170,029	18,966,039	20,144,683
	1,324,922	1,433,383	1,525,619	1,555,999	1,646,901
	415,279	701,279	710,532	704,322	763,702
	344,971	472,213	462,061	533,208	583,584
	65,145	68,490	67,415	72,957	77,043
	359,678	363,590	360,230	384,177	416,587
\$	<u>21,188,421</u>	<u>\$ 21,511,634</u>	<u>\$ 22,026,026</u>	<u>\$ 23,780,104</u>	<u>\$ 25,450,963</u>
\$	99,260	\$ 106,519	\$ 110,400	\$ 115,912	\$ 136,531
	5,350,421	5,940,629	6,748,829	7,509,810	8,058,954
	—	—	—	—	—
	680	586	586	586	586
\$	<u>5,450,361</u>	<u>\$ 6,047,734</u>	<u>\$ 6,859,815</u>	<u>\$ 7,626,308</u>	<u>\$ 8,196,071</u>
\$	<u>26,638,782</u>	<u>\$ 27,559,368</u>	<u>\$ 28,885,841</u>	<u>\$ 31,406,412</u>	<u>\$ 33,647,034</u>